PACKAGING

ITS ROLE WITHIN BRAND MANAGEMENT

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ABSTRACT

Title:	Packaging – Its Role within Brand Management
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Keywords:	Food Packaging, Brand Management, Brand Building, FMCG Companies
Thesis purpose:	To investigate the role of packaging within brand management of FMCG food companies and their attitude towards packaging. This study enhances the understanding of how FMCG food companies actually work and strive to work with packaging and brand building.
Methodology:	The study has a positivistic perspective. A qualitative method has been chosen in order to gain an in-depth understanding of this research area.
Theoretical perspective:	The study is based upon theories in the area of branding and packaging. These theories are applied to FMCG food companies.
Empirical data:	The empirical data was collected by conducting in-depth interviews with FMCG food companies and industry experts. The collected data is compared to existing theory and similarities and differences are noted.
Conclusion:	The findings of the study indicate that the role of packaging is increasing in importance. Most FMCG food companies view packaging as a marketing tool and thus do not fully exploit the potential of packaging as branding. It is suggested that a holistic approach is necessary, where all concept decisions, namely a package, product and brand, should be taken simultaneously instead of sequential. The combined concept & brand equity model can be used as a tool to structure and integrate existing brand building activities together with concept development.

ACKNOWLEDGEMENTS

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1. INTRODUCTION

In this chapter the topic of the thesis will be introduced by giving a background review and a theoretical problem, which will result in a research question. The next part will present the purpose and the outline of this paper.

1.1. Background

We live in a hypercompetitive world, where there are few industries as competitive as the food retail industry (McGoldrick, 2002). Each year around 20,000 new products are introduced in the grocery industry, giving consumers many products to choose from and managers a headache (Bertrand, 2002 cited in Underwood, 2003). Nevertheless, tough competition should not only be seen as an obstacle but also as an opportunity. Packaging can be used to differentiate brands and products (Dagel, 1997).

The traditional role of the package has been to protect, contain and deliver the product to the retail shelf (Feig, 1999 cited in Underwood, 2003). Nowadays the package has more functions. Schoormans and Robben (1996) mention that the package is not only for protection of the contents and facilitation of distribution, but is also performing several communication functions like brand and product identification, price information and product use. Hence, the task of the package is to communicate the product's emotional and rational functions and benefits (Brand Strategy, 2004).

Packaging gained its importance with the move towards self-service in retailing (Danton de Rouffignac, 1990, p62). Nancarrow *et al.,* (1998) argue that nowadays in the grocery industry, it is essential to persuade consumers at point of sale. The number of products in the supermarkets is growing, together with the amount of buying decisions taken in-store (Rundh, 2005). Rettie and Brewer (2000) note that 73 percent of purchase decisions are made at the point of sale. On average, a consumer has 12,000 different packages to choose from in a supermarket, across food and non-food categories (Pigeon *et al.,* 1997). According to Silayoi and Speece (2004), a package that attracts consumers at the point of sale will help them to take in-store decisions. Underwood and Ozanne (1998) elaborate this argument and state that while marketers may not know which television programmes consumers are watching and thus where and when it is best to advertise, it is obvious that within the retail environment all consumers are exposed to the packaged product.

In an average supermarket, a consumer passes about 300 items per minute. Therefore, a lot of pressure is put on the package, since it has less than one second in getting the attention of the consumer. (Sara, 1990 cited in Prendergast and Pitt, 1996) It must perform many of the sales tasks that were previously made by sales staff, in order to stand out and give a positive impression of the product to the consumer (Prendergast and Pitt, 1996; Rundh, 2005). Prendergast and Pitt (1996) mention that if manufacturers have no attractive or convenient packaging, they risk losing sales. More than 30 per cent of all supermarket products are not advertised (Hise and McNeal, 1988). Packaging can therefore be a marketing communication tool that seems to grow in importance (Underwood and Ozanne, 1998).

1.2. Different Perspectives

The importance of packaging can be studied from different perspectives -stakeholders. All of them have different views, wishes and demands on packaging. In the figure below four different stakeholders are presented, namely the consumer, retailer, (non-)governmental agencies and FMCG (Fast Moving Consumer Goods) companies. All stakeholders will be discussed in the following paragraphs.

Figure 1.1: Stakeholders of packaging
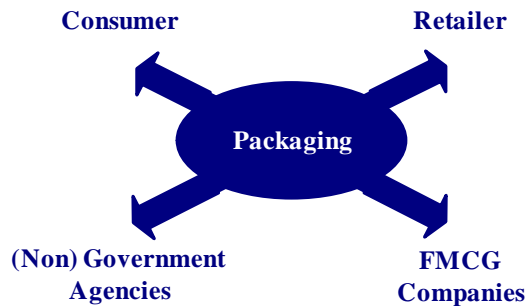
Source: Figure based on Kassaye and Verma, 1992

1.2.1. Packaging and Consumer

Packaging is the first point of contact with the brand (and its manufacturer) for a consumer (Rundh, 2005). For many products, the package is even more significant than the physical good it contains in terms of cost and importance to the consumer (Nickels and Jolson, 1976).

Previous research has shown that consumers not only buy products for the functional utility to transport the product from the retailer to their own home, but also for the symbolic meaning the products possess (Underwood, 2003). Via this meaning, consumers can create their self-identity and an identity in the social world (Elliott and Wattanasuwan, 1998).

Underwood (2003) concluded that consumers become aware of the direct functional, experiential and/or symbolic brand benefits from product packaging via both mediated and lived experiences with the product. With mediated experience, consumers experience packaging without engaging in the actual purchase and usage of the product (Underwood, 2003). Advertising is an example of a mediated experience and serves as a resource for symbolic meaning creation and brand positioning. Lived experience refers to the interaction with the brand, derived from purchases and usage (McCracken 1986). The package resides in the home and becomes an intimate part of the consumer's life (Lindsay, 1997; cited in Underwood, 2003). The benefits experienced will communicate and contribute to the consumer's image of the brand (Underwood, 2003).

1.2.2. Packaging and Retail

The retailer is the one that decides to have the manufacturers' products in the store (Danton de Rouffignac, 1990, p66). It is crucial for retailers that the packages are easy to handle, should store conveniently and sellable (Nickels and Jolson, 1976). Furthermore, shelf life and protection are also important requirements of the retailer (Hise and McNeal, 1988). According to Danton de Rouffignac, (1990, p65) manufacturers are advised to consult retailers at an early stage of product

development, as a frequent complaint is that much packaging is simply not suitable for display in supermarkets where shelf space is at a premium.

1.2.3. Packaging and (Non-) Governmental Agencies

Governmental agencies and consumer advocates expect packaging to be safe to handle and safe to use, to be self-informative, to be free of deception and to be free of harmful effects to the ecological system (Kassaye and Verma, 1992). The impact of packaging on the environment and society is receiving increasing recognition. According to Lawson and Wall (1993 cited in Prendergast and Pitt, 1996), concerns about packaging relate mostly to the effect of packaging on the use of resources, energy consumption, pollution, waste and litter. Society highlights also a lack of regulations about filling standards and misleading advertising on packages (Di Camillo, 2006). As an answer to all these concerns, several governmental institutions have taken action. In Europe, the European Union has become involved in environmental legislation (Prendergast and Pitt, 1996). Many directives have already been implemented but there are still more to come (Di Camillo, 2006).

1.2.4. Packaging and FMCG Companies

Fast Moving Consumer Goods are low involvement products, since consumers do not extensively search for information about brands (Silayoi and Speece, 2004). This implies that packaging is the largest source of information about the product. Therefore, the packaging strategy for FMCG companies should be at the forefront of a brand strategy and should take more of a brand-building role in the marketer's communications mix (Underwood, 2003). Hine (1995:b) also acknowledges the importance of packaging as a useful strategy for branding. He states that when packaging, branding and advertising began to be used together, the impact was greater than by using them separately. Within this triangle, Belch and Belch (2001 cited in Underwood *et al.,* 2001) note that there is an increasing role of packaging as a form of brand communication, together with a reduction in spending on traditional brand-building mass media advertising. This trend is also noted by Rundh (2005), who states that there is a change in media habits and the role of brand building by media advertising.

The package is the physical embodiment of the brand's core values, expressing the brand identity (Lewis, 1991 cited in Vazquez *et al.,* 2003). Connolly and Davidson (1996 cited in Rettie and Brewer, 2000) agree that packaging is a crucial element in branding, both in the communication of brand values and as an essential part of the brand. Other research elaborates this argument by stating that for relatively homogenous non-durables, like food products, packaging is a strategic element for brand differentiation and identity (Semenik, 2002 cited in Underwood and Klein, 2002).

Hise and McNeal (1988) acknowledge that within companies, packaging decisions are carefully taken, because especially new types of packages often require large investments in machinery and technology. Hence, the internal packaging development is a far-reaching process, whereby many departments are involved (Hise and McNeal, 1988).

1.3. Theoretical Problem

Research about packaging has been conducted from various angles. From now on, packaging will be assessed from a company's perspective. There seems to be a lot of potential in packaging within brand management. Trends show an increased importance of packaging in consumer decision making and in the development of brands. In the following paragraph, this choice will be clarified and motivated.

Nickels and Jolson (1976) suggest that for many relatively homogenous physical goods, packaging creates a differential advantage for the product that might expand the market. They add that packaging may also increase the number and variety of purchases by combining homogenous or complementary goods. A strong package can provide the key to unlock higher margins for FMCG companies (Sands, 2006).

FMCG food companies are especially interesting as they are the packaging industry's largest, most demanding and innovative clients, continually interested in the design and development of the latest packaging trends (Danton de Rouffignac, 1990, p3).

There is little marketing theory in the area of packaging, even though there is increased attention towards packaging from a managerial perspective (Underwood *et al.,* 2001; Rundh, 2005). The relative lack of recent research in the field of packaging might be explained by packaging not being a research area by itself but a multidisciplinary field including engineering, marketing and logistics (Nickels and Jolson, 1976). Within marketing, early packaging research focused mainly on packaging as a means of communication (e.g. Gardner, 1967 cited in Underwood, 2003). Later research tried to integrate packaging with other extrinsic cues like price and brand name to examine the influence on perceived product quality (e.g. Rigaux-Bricmont, 1982). Hise and McNeal (1988) developed a normative framework on how the ideal packaging development process should look like. Underwood and Klein (2002) state that by far the most extensively investigated elements of the marketing mix are advertising and pricing. Furthermore, research about packaging design and its implications for retailers and producers exists (e.g. Vazquez *et al.,* 2003).

However, still limited research has been conducted in the field of packaging and its role in branding. The few studies in this field were aimed at identifying the role of packaging from a consumer perspective. Keller (1993) addressed the branding issue from a consumer perspective, investigating mainly customer-based brand equity. Recently, mainly Underwood (1998, 2001, 2002, 2003) investigated the role of packaging as a brand communicator, focusing on the perceived image and consumers' evaluation of the brand and the package (2002). Underwood and Ozanne (1998) acknowledge that packaging in relation to brand management is still a rather unexplored area. However, recently the role of packaging within brand management has not been researched. It is therefore interesting to study the role of packaging and how it is treated within brand management from a company's perspective. Keller (2003) developed a model for building customer-based brand equity. It would be interesting to analyse how packaging is used to build this brand equity.

The discussion above gives the impression that FMCG companies might underestimate the role of packaging in brand management or, more precisely, do not fully exploit the potential benefits of packaging. Hence, the following research question is formulated:

What role does packaging play within brand management among
FMCG companies in the food sector?

The contributions of this research are two folded: there is an academic contribution and a practical application. Since it is investigated how packaging is treated within FMCG food companies, conclusions can be drawn on how important packaging is in practice, and how much attention is paid to this element in relation to the brand identity. From an academic perspective, the study provides new insights into packaging in general and the role of packaging within the brand management field, especially in brand identity area.

1.4. Purpose

This research aims to investigate the role of packaging in brand management and FMCG food companies' attitude towards packaging.

The primary purpose of this research is to investigate the role of packaging, referring to how packaging is treated in brand management, in transmitting brand identity towards the consumer. This is as one of the most important tools of brand management is brand identity (Kapferer, 2004, p95). Therefore from now on the focus is on this tool. The different functions of packaging can vary from the basic function where packaging is only protection, to packaging as a marketing tool and ultimately packaging is branding. In the second and third level packaging fulfils a role within brand management.

Literature suggests how firms should be working with packaging within their organisations. Hise and McNeal (1988) developed a normative framework on how the ideal packaging development process should look like. However, brand identity is not integrated in this process. Hence, the internal packaging development process can be adapted to include this element. Thus, will the secondary purpose will be to integrate brand identity into packaging development.

Within brand management, increasing brand equity is essential. The third purpose therefore is to investigate whether companies use packaging to build brand equity.

These three purposes enhance the understanding of how FMCG food companies actually work and strive to work with packaging. The interaction between packaging and brand management is understood from to different angles.

1.5. Outline

In the next chapter, the theoretical framework of this study will be introduced. This overview is followed by a description of the methodology. Then the empirical findings are discussed and analysed. Lastly, conclusions will be given.

Chapter 1 - Introduction

> *In this chapter the topic of the thesis will be introduced by giving a background review and a theoretical problem, which will result in a research question. The next part will present the purpose and the outline of this paper.*

Chapter 2 – Theoretical Framework

Within this theoretical framework, theories relevant for the research problem are presented. First, the customer-based brand equity model is presented. Next, three essential tools within brand management are discussed, namely the transfer of brand identity via positioning to brand image. Then, the packaging development process within a company is reflected, followed by an analysis of the different functions of packaging. These are presented in a packaging hierarchy model.

Chapter 3 – Methodology

In this chapter, the methodological choices made are clarified and motivated. Moreover, a description of how empirical data was obtained is given.

Chapter 4 – Analysis

In this chapter, the empirical data collected and the analysis are discussed simultaneously. The analysis is based on the empirical data collected and theory described in the theoretical framework. First, the view of FMCG companies and industry experts on packaging is analysed, followed by the packaging hierarchy, the customer-based brand equity pyramid and the packaging development process. The chapter ends with a final discussion.

Chapter 5 – Conclusions

This chapter will summarise the results of this study and describes theoretical and managerial implications

Appendices

The appendices will provide the reader with further information about FMCG companies and industry experts that were interviewed. The reader will also find the interview guide and the research invitation.

2. THEORETICAL FRAMEWORK

Within this theoretical framework, theories relevant for the research problem are presented. First, the customer-based brand equity model is presented. Next, three essential tools within brand management are discussed, namely the transfer of brand identity via positioning to brand image. Then, the packaging development process within a company is reflected, followed by an analysis of the different functions of packaging. These are presented in a packaging hierarchy model.

2.1. Introduction

In today's society, an increasingly competitive business environment, it is essential for companies to clearly distinct and position themselves from competitors. The main purpose of a brand is to add certain values to the product or service and to differentiate it from competitors (Bhat and Reddy, 1998). Syverson (2007) states that while a product is just a physical object, a brand has consistent emotional and functional benefits attached to it. A brand can be described as a "promise" to a consumer. Products are interchangeable while a brand builds value (Syverson, 2007). Goodman *et al.* (2006) put other arguments forward. They mention that on a strategic level, brands can be thought of as a relationship between a company and a customer. Furthermore, a brand must build an emotional connection with the consumers who use it. The consumer must feel that there are no substitutes in the marketplace.

On a tactical level, a brand is a consistent message that meets the customer at as many touch points as possible (Goodman *et al.*, 2006). Brand management plays a critical role in creating an unique brand, since this profession is mainly concerned with creating a 'brand identity' to specify the brand's uniqueness and values, and with 'brand positioning'; to create consumer preference in a specific market at a specific time (Kapferer, 2004, p95). One of the central elements within brand management is packaging (Aaker, 1996, p187). Nowadays, packaging is also used to transmit a strong distinctive brand identity, and communicate the brand's features, quality and value (Feig, 1999 cited in Underwood, 2003).

2.2. The Relationship between Brand Management and Packaging

In order to study the role of packaging within brand management it is crucial to understand their connection. Since brand management consists of two major tools, namely brand identity and brand positioning, special focus is placed on these elements (Kapferer, 2004, p95). In the figure below, an overview of the relationship between brand identity, brand positioning and packaging is reflected. The figure shows that packaging within a FMCG food company can vary between packaging purely seen as protection, to packaging being equal to the brand. These categories are not mutually exclusive, but build on each other. This implies that the category on the left of the figure, packaging is protection, is the basic requirement for packaging. All elements further to the right can be viewed as additional functions of packaging, with packaging as a marketing tool and ultimately packaging being equal to the brand. This model is the starting point of the theoretical framework. Each element is discussed in more detail in the following paragraphs.

Figure 2.1: The relationship between brand management and packaging

No Connection Between Brand and Packaging	Brand Positioning Communicated by 4 P's	Brand Identity

Emphasis is also placed on the transfer of brand identity via brand positioning towards brand image. The transfer is crucial to understand in order to place packaging in a broader perspective and show its function as a medium.

2.3. Brand Management

Brand management includes many different tasks like developing brand positioning, integrating brand marketing, assessing brand performance, building brands, and strategically managing brands (Keller and Lehmann, 2006). However, according to Kapferer (2004, p95), the two most powerful tools of brand management are brand identity and positioning.

2.3.1 Brand Equity

Brand management aims at achieving high brand equity, where high brand awareness, high recall and high recognition are desired, since these can lead to more profit (Keller and Lehmann, 2006). In order to do so, it is necessary to develop profitable brand strategies (Urde, 2003). Brand equity can be seen from two perspectives; a financially based motivation and a customer based motivation (Faircloth *et al*., 2001). The financially based brand equity is to estimate the monetary value of the brand, while the customer based brand equity focuses on the relationship customers have with the brand, like attachment, loyalty, willingness to purchase and repurchase based on beliefs of superiority and evoked emotions (Kapferer, 2004, p9).

Customer-Based Brand Equity

Marketers build brand equity by creating the right brand knowledge structures with the right consumers (Keller, 2006, p281). Building brand equity is all about building strong brands, this building of strong brands will also be described briefly to give a better understanding what brand equity is all about and to see what the equity is made of and how it can be build.

Keller (2003) discusses brand building by talking about the four steps of brand building (Keller, 2003, p75). These steps can be shaped in a customer based brand equity pyramid, visually reflected in figure 2.2.

1. Ensure identification of the brand by consumers and an association of the brand in consumers' minds with a specific product class or customer need. *Who are you?* (Brand Identity)
2. Establish the totality of brand meaning in the minds of customers by strategically linking a horde of tangible and intangible brand associations with certain assets. *What are you?* (Brand Meaning)

3. Obtain the proper responses to this brand identification and brand meaning. *What about you? What do I think or feel about you?* (Brand Response)
4. Convert brand response to create a powerful, active and loyal relationship between the consumer and the brand. *What about me? What kind of associations and how much of a connection would I like to have with you?* (Brand Relationships)

The order of these steps is clear, as the second step cannot be taken without taken the first one. Meanings cannot be given unless the identity is recognised. Responses cannot arise unless the right meaning has been created; and a relationship cannot be forged unless the correct responses haven been drawn. The four steps have a sequential relationship and can be viewed as a pyramid with a number of building blocks.

Figure 2.2: The Customer-based brand equity pyramid
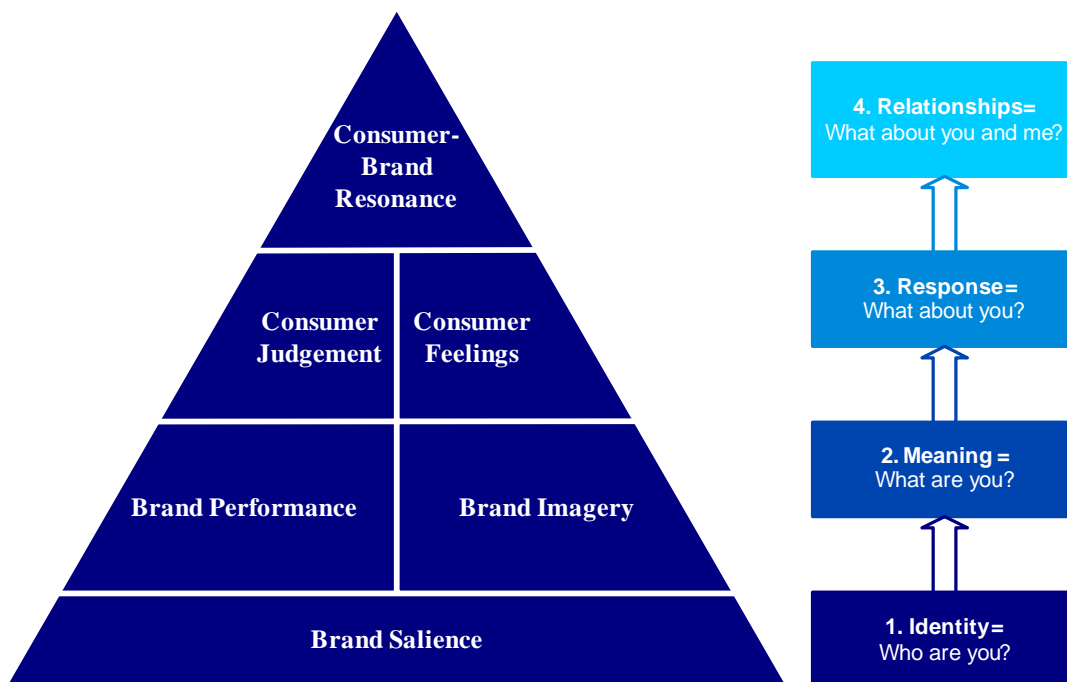
Source: Keller (2003, p75)

Creating significant brand equity means reaching the peak of the CBBE brand pyramid (as seen in figure 2.2) and will only occur if the correct building blocks are put on the right place.

Brand salience is about the brand awareness; is it easy recalled or recognised in different situations. It is not only recognising the brand, but also consumers connecting the brand, brand name, logo, symbol, smell, sound etc. to certain associations in memory. The brand awareness can be characterised according to depth and breadth. The depth of a brand regards the likelihood that a brand element will be recalled and the usage situations in which the brand element comes to mind. A highly significant brand is one that has both depth and breadth of brand awareness.

Brand performance is the first building block of the second level to a strong brand (fig.2.2). This block is at the heart of brand equity, because it is the primary function of the product and directs what consumers experience with a brand. To create brand loyalty and resonance, consumers'

experience with the product must at least meet, if not actually surpass, their expectations. Keller (2003) talks about five important types of features and benefits that often underline brand performance:

1. Primary ingredients and additional features.
2. Product reliability, durability and serviceability.
3. Service effectiveness, service efficiency and service empathy
4. Style and design.
5. Price.

Brand imagery deals with the extrinsic properties of the product, including the ways in which the brand tries to meet customers' psychological or social needs (fig.2.2). The intangible properties of a brand can take place in many different ways but four categories can be underlined:

1. User profiles: a description of the target group, age, gender, race, income etc.
2. Purchase and usage moments.
3. Personality and values: the character of the product; modern, active, mysterious etc.
4. History, heritage and experience.

Brand *judgements* are customers' personal beliefs and valuations with regards to the brand. The brand attitudes are defined in terms of consumers' overall valuations of the brand. The most significant one is the perceived quality of the brand. Brand credibility is the judgement with respect to the company behind the brand. Brand credibility refers to the extent to which the brand as a whole is seen as credible. This of course has its reflections on the different products within the brand.

Brand consideration is the third main aspect of brand judgements; it is more than only awareness and handles the likelihood that consumers will take the brand into account in the set of likely options of brands the might buy or use (Keller, 2003, p89).

The fourth aspect is brand superiority; the extent in which consumers see the brand as unique and superior to the competition.

Brand feelings are the customers' emotional reactions with respect to the brand (Keller, 2003, p90). It is about how the brand makes the consumer feel, for example warmth, fun, excitement, security, social approval and self-respect.

The crown of the pyramid is Brand *resonance*, the final step focuses on the ultimate relationship and level of identification that the consumer has with the brand. It refers to the extent to which consumers perceive that they are "in sync" with the brand. Resonance is characterised in terms of intensity, or the depth of the psychological tie that consumers have with the brand, as well as the level of activity stimulated by this loyalty (Keller, 2003, p92).

This pyramid (as seen in figure 2.2) shows what brand equity consists of and how it can be made stronger.

2.3.2. The Transfer of Brand Identity via Positioning towards Brand Image

A visual representation of the transfer of brand identity via positioning towards brand image is reflected below. The transfer starts with brand identity. Kapferer (2004, p105) states that the aim of brand identity is to specify the brand's meaning and core values. Furthermore, the author adds that packaging can be seen as a positioning tool, embracing brand identity and transmitting it towards a brand image. Image focuses on the way in which consumers perceive a product, a brand and a company refers to the way in which consumers decode the signals emanating from the products, services and communication covered by the brand (Kapferer, 2004, p98-99). This process can be seen as a continuous interaction between the identity of the organisation and the consumer (Urde, 2003).

Figure 2.3: Flow diagram of Brand Identity, Positioning and Image

Source: Figure derived from Kapferer (2004, p98)

In the following paragraphs all elements are discussed individually.

2.3.3. Brand Identity

Brand identity is the company's own understanding of the brand and its commitment to it (Urde, 2003). It expresses the brand's tangible and intangible characteristics, everything that makes the brand what it is, and without which it would be different (Kapferer, 2004, p102). It should reflect the soul and vision of the brand, anticipating on how the company wants the brand to be perceived (Aaker, 1996, p70-71). Kapferer (2004, p99) elaborates on Aaker's argument by stating that the purpose of brand identity is to specify the brand's meaning, aim and self-image. It is an instrument that companies can actively create and manipulate (Urde, 2003).

These values can then be implemented into brand architecture, product attributes, personality, brand positioning, communication strategy (Urde, 2003) and even packaging. Kapferer (2004, p97) adds that the brand's values must be reflected in external signs of recognition (like packaging), that are apparent at first sight to clearly communicate the brand identity. Brands must be true to their identity to become strong in order to achieve high brand equity (Kapferer, 2004, p106). Specific guidelines are necessary to ensure that there is only one brand identity forming a solid and coherent entity (Urde, 2003). The core values need to be common and understood in the whole organisation (Kapferer, 2004, p107). However, Kunde (2000 cited in Urde, 2003) claims that within many companies there is still a lack of structure regarding creating brand identity.

Aaker (1996, p187) states more specifically that packaging is a major part of the brand identity. It can be seen as an element of the extended identity of the brand, since it provides completeness and texture and guidance to what the brand stands for (Aaker, 1996, p88). He also argues that a larger extended identity means a stronger brand; one that is more memorable, interesting, and connected to life.

Brand and Line Extensions

Extensions can be seen as a brand strategy and should be in line with existing brand identity. Brand extensions are applied when a company decides to use the same brand when launching new products (Aaker, 1990). According to Kapferer (2004, p274-278) a strong brand identity is needed to make the extension to a different market achievable. On the other hand, line extensions have the aim to enrich the core promise of the brand by dividing it through diversity, e.g. by introducing new flavours, or expanding a product range to include products related to the core brand (Kapferer, 2004, p274-278).

Research has shown that extension success depends mostly on consumers' perceptions of fit between a new extension and parent brand (Aaker and Keller, 1990). A brand extension strategy can be beneficial for a company since it lowers marketing costs, operational costs and also helps to increase the chance of success. If the brand is strong and the knowledge of the parent brand is present, than the perceived risk by consumers is substantially reduced (Aaker and Keller, 1990). One of the benefits relating to the parent brand image is the positive spill-over effect on the parent brand (Kapferer, 2004, p172-173). According to Morrin (1999) the consumer exposure to brand extensions will increase parent brand awareness.

However, Aaker (1996) puts other arguments forward. The author states that brand extensions are not suitable to apply in all directions and the choice is determined by the brand itself. A brand that is extended to another market needs to be in line with the parent brand identity and should not be fragmented into disconnected units. It is important that the product share the values of the brand. A brand extension can also hurt (dilute) the original brand by weakening or creating undesirable associations (Aaker, 1996).

2.3.4. Brand Positioning

In order to create a strong brand identity, consistent positioning is important. Positioning of a brand can be defined as a way of highlighting distinctive characteristics that make the brand different from its competitors and thereby establishing key brand associations in the minds of the consumers (Keller and Aaker, 2002). It is competition-oriented, whereby its aim is to identify, and take possession of, a strong purchasing rationale that gives a real or perceived advantage (Kapferer, 2004, p102).

Urde (2003) states that the positioning of a brand is primarily an efficient way of communicating brand identity.) Brand positioning sets the direction for marketing activities; it indicates what the brand should and should not do with its marketing (Aaker, 1996, p71; Keller and Lehmann, 2006). It discusses the part of the brand identity and value proposition that is actively communicated to a target group. Good positioning provides the what, the how and the who of the marketing communications and allows internal and external marketing communications to develop the most meaningful strategy for the brand (Robertson, 2005).

In the figure below the role of positioning is graphically illustrated.

Figure 2.4: The role of positioning
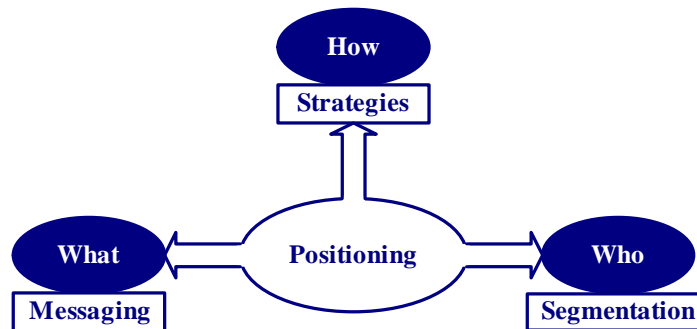
Source: Robertson (2005)

Positioning is not only concerned with promoting the tangible product attributes; more important are the roles of brand intangibles, corporate image and reputation (Keller and Lehmann, 2006). Kapferer (2004, p100) argues that positioning consists of two stages. The first stage is to indicate to what category the brand should be associated and compared with, while the second state is to show where the brand's superiority is in comparison to other products and brands of that category.

De Pelsmacker *et al.* (2007, p29) state that once a position is chosen, a company has to implement it by supportive marketing and communication activities. The author further elaborates that the marketing mix elements (product, price, promotion and distribution) are used to transmit the brand identity towards the consumer. Integrated marketing communication is used to convey a consistent set of messages to all target audiences (De Pelsmacker *et al.*, 2007, p29). Packaging should therefore be integrated with other marketing communication tools.

The Role of Packaging in the Marketing Mix

Packaging has been suggested as the fifth P in the marketing mix (Kotler, 1999). This argument is in line with Pigeon *et al.* (1997) stating that packaging is the fifth P. Mature and progressive companies understand packaging design as a co-equal partner in the marketing mix. The authors argue further that packaging design is the most cost effective element in any marketer's mix. Nickels and Jolson (1976), were the first ones to examine the role of packaging in the marketing mix. They state that packaging is complexly intertwined with all the Ps. Olsson and Györei (2002) add that packaging is an important tool in the marketing mix, and is often referred to as a part of the marketing mix affecting all other variables. Nickels and Jolson (1976) argue that for a wide variety of products, packaging is the product until the consumer uses the good for his desired purpose. However, they also support the candidacy for packaging becoming the fifth P by mentioning that packaging have the power to increase penetration of present markets as well as create new markets. Acknowledging packaging as the fifth P can, according to the authors, give it the organisational attention it deserves since packaging is highly fragmented in terms of managerial responsibility.

Integrated Marketing Communication

The fourth P, promotion or marketing communication involves all instruments with which the FMCG company communicates to promote the company's product, brand or the company as a

whole to its target groups (De Pelsmacker *et al*, 2007, p3). This would imply that packaging could be seen as a part of a company's marketing communication.

According to De Pelsmacker *et al.* (2007, p3-4), good marketing is integrated marketing. They elaborate the argument by mentioning two important principles for designing and implementing a marketing mix; consistency and synergy. Consistency means that all the marketing instruments are combined in such a way that the company's offering is consistently marketed. All the marketing instruments have to work in the same direction, and not conflict with each other (Krugman *et al*, 1994 cited in Madhavaram *et al*, 2005). This implies and what also is in line with Maynard and Bruce (2004) that the package should radiate the same messages and be consistent with all other marketing instruments. According to Taylor (2003), the product in relation to the brand should be tested before launch, in order to discover what the package signals to the consumer. Foreman (2004) highlights that synergy means that the marketing mix instruments have to be designed in such a way that the effects of the tools are supporting each other. This implies that a brand will be stronger if it is advertised in suitable media, the packaging radiates consistent values and is available in the appropriate distribution outlets (Foreman, 2004).

2.3.5. Brand Image

Brand image can be explained as perceptions about the brand as reflected by the brand associations held in consumer memory (Keller, 1993). The author states that three different types of brand associations exist, namely attributes, benefits and attitudes.

Consumers decode a brand message (which is the brand identity together with noise), by extracting meaning and interpreting signs which result in brand image (Kapferer, 2004, p99). If the brand image is attractive to the consumer's own self-image then the basis is created for a relationship between the brand and the consumer (Higgins, 1987 cited in Urde, 2003). Brand image can not be controlled by a company (Salzer-Mörling and Strannegård, 2004). However, the package, which can be controlled, can become a key element in conveying brand image (Underwood and Ozanne, 1998).

2.4. Packaging

After reviewing theories of branding, a closer look at packaging is taken. First, external drivers for packaging changes are discussed. This is followed by an overview of different views on packaging. Next, the ideal packaging development process is introduced to better understand how packaging is treated within FMCG companies. Further the different functions of packaging are discussed and divided into three different levels in a packaging hierarchy.

2.4.1. External Drivers for Packaging Changes

There are different external drivers for packaging changes. Below two of them are presented, namely environmental legislation and technology.

Environmental Legislation

A major issue and reason for adapting packaging is environmental legislation. Over the last 5-10 years environmental legislation (including voluntary agreements) has become one of the major drivers for innovation in packaging (Sonneveld, 2000). Prendergast and Pitt (1996) state that these legislations appear logical from both a social and economic point of view. The authors argue that from a social perspective, it can be argued that packaging waste is a problem for current and future generations. Economically, for companies being proactive in offering environmentally friendly packages can create a competitive advantage (Prendergast and Pitt, 1996).

Technology

Technology and packaging materials are giving new opportunities to FMCG food companies. It allows companies to differentiate their products through packaging in a greater extent, in form of offering different materials, shapes, design, texture etc. Through technology, companies are better in answering consumer needs and wants (www.just-food.com).

2.4.2. View on Packaging

To understand how packaging adds to the image of the brand, it is important to consider the different view on packaging. Researchers have mixed opinions on the relationship between packaging and the product. While some claim that packaging is part of the product, other researchers state that packaging is not a part of the product.

Keller (1993) considers packaging as a non-product related attribute, where packaging is only an aspect of the purchase and consumption process. Though the author emphasises that it is not directly related to product performance. The product is chosen based on an appealing package. This is in line with Deasy (1997), who argues that for many homogenous products, packaging is the product.

Underwood (2003) emphasises that packaging is a product-related attribute, which is important to the creation and communication of brand identity, especially for consumer nondurables. The package, the product and the brand are interrelated.

It can be concluded that the more homogeneous the product is, the more important the package becomes.
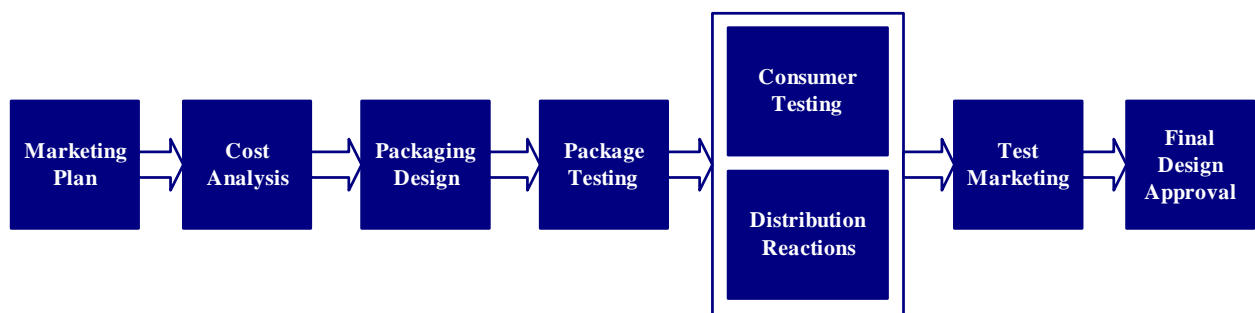
2.4.3. Ideal Packaging Development Process

In order to get a better view of packaging and how it is treated within FMCG companies, the ideal packaging development process is reflected. It is crucial to understand how packaging operations and decision making within a company takes place, since this can give insights in the role of packaging within FMCG companies.

Hise and McNeal (1988) developed a normative framework around which packaging operations and decision making within a company should take place. This framework is depicted in the figure below.

It should be noted that the product is already developed when this packaging development process starts. However, Hise and McNeal (1988) emphasise that it would be more beneficial for companies to integrate the product and its package in one development process. The authors elaborate that when the package and the product are not integrated, the image of the product and package can be incompatible and development costs are higher. Another aspect to consider is the development time of the product and package. If there are complications in the packaging process, and the product needs to be modified, while the dead-line must be met, there is a chance that the testing phase will not take place (Hise and McNeal, 1988).

Figure 2.5: The ideal packaging development process

Source: Hise and McNeal, 1988

The following passage is based on the article of Hise and McNeal (1988). In the flow diagram the ideal packaging development process is illustrated, starting with a marketing plan, and ending with a final design approval. In the first phase a marketing plan is developed. Objectives for new packages and adaptations are discussed and set. The next step is a cost analysis, in which a budget is set for developing a package. Furthermore, the impact of the new package on the product's production process and costs are also taken into account. Then, in the packaging design phase, the package's structural development is analysed, including decisions about size, shape, weight, and materials. The package's graphic design (e.g. colour, typeface, logos) is also developed. Consumer testing and distribution reactions take place simultaneously, whereby feedback on new package is received. The next step, test marketing, provides additional consumer and retailer reactions. All previous steps are then incorporated into the final design approval.

Next, the different departments involved in packaging decisions will be explained. This is followed by a description of each phase within the flow diagram.

Departments Involved

Kassaye and Verma, (1992) explain that interaction between various departments is crucial throughout the packaging development process. When changing existing packaging, internal constraints within a company might arise. The authors state that these problems can be based on management's unwillingness to change or to risk traditional business ties with suppliers, distributors, retailers and customers.

Packaging decisions can involve many different departments (Crawford and Di Benedetto, 2006, p387). Therefore it is a complex decision process. The authors note that it is not unlikely that in addition to marketing and sales, employees from engineering, distribution, safety, legal, cost accounting, purchasing, R&D, and other departments, are involved in packaging decisions. Moreover, there are also outside interests from e.g. vendors, distributors, shippers, advertising agencies, and the government. This implies that the packaging decision may take months (Crawford and Di Benedetto, 2006, p387).

Marketing Plan

In the first phase a marketing plan for packaging is developed (Crawford and Di Benedetto, 2006, p387, p517). Although every company has its unique marketing plan, there are several common steps. An analysis of the current macro and microenvironment is made, tracking down trends and competitor moves. By using all inputs from the current situation analysis, together with knowledge from other departments, a packaging strategy is developed (Crawford and Di Benedetto, 2006, p387, p517).

Cost Analysis

During the cost analysis it is investigated whether the cost of materials, fabrication, manpower, inventory, shipping and storage are reasonable when introducing a new package (Kassaye and Verma, 1992). The authors clarify that these costs are compared to the cost structure of current packaging, and a budget for developing the new package is set. The packaging design department or company should take this budget into account when designing the new package.

Packaging Design

In this phase, the package is designed and an evaluation whether the new package design matches packages in the current portfolio is made (Vazquez *et al.*, 2003). The packaging design should fit into the existing brand strategy. The authors emphasise the brand is a significant part of design management and the underlying ethos of the packaging design identity has to be clearly communicated to build the associations with the brand.

Package Testing

According to Schwartz (1971), there are three categories of package testing, namely: visibility, image and usage tests. Visibility tests aim to evaluate the legibility of package lettering and graphics, the significant impact of different elements on a package, or the relative impact of one package comparing to others. The author states that image testing evaluates underlying consumer attitudes towards a product, package and brand. Usage testing, aims to uncover and measure convenience as well as functionally related attitudes and opinions towards the package (Schwartz, 1971).

Consumer Testing – Product Use Testing

The aim of product use testing is to test the consumer's experience with the product and package under normal operating conditions (Crawford and Di Benedetto, 2006, p332-336). The authors stresses that the test can include many different dimensions, like usability, convenience and brand perception. This test allows examination and improvement of the product concept until it fulfils and satisfies the aim it was intended to have. This kind of testing allows also to investigate whether the package makes it easier for the consumer to identify or recognise the brand (Crawford and Di Benedetto, 2006, p332-336).

Test Marketing

In test marketing, a representative piece of the total market is chosen for a test launch (Crawford and Di Benedetto, 2006, p332-336). The test market is closely monitored and purchase data is collected. The purpose of this kind of testing was initially used to predict profits and thus to help to decide whether to launch the product in larger scale. Nowadays, this kind of testing is too expensive to use as a final exam and is mostly considered to have the purpose of fine-tuning a company's plan. The authors underline that the advantage of this kind of testing is that it offers typical market conditions, thereby allowing the best forecast. It is a risk reduction strategy, which minimises the risk of a total failure (Crawford and Di Benedetto, 2006, p332-336).

Distribution Reactions

In this phase, all distributing stakeholders are taken into account and given the possibility to evaluate the package. These comments should be considered when choosing a final packaging design

Final Design Approval

Here the final packaging design is developed and decision is taken. The decision is based on earlier phases within the process and incorporates all feedback from the various stakeholders (Hise and McNeal, 1988).

2.4.4. Functions of Packaging

Packaging exists on various levels, namely primary, secondary and tertiary packaging (Robertson, 1993, p2). In this research, emphasis is placed on primary packaging; the package is in direct contact with the packaged product. This implies that if referred to packaging in this paper, it is always referred to primary packaging. Primary packaging is essential, since it forms the primary protection barrier for the product. This type of packaging is also the one that the consumer usually is confronted with at the retailer (Robertson, 1993, p2).

The function of packaging can differ between various brands and product categories, varying from packaging being only a necessity to transport and protect a product, to packaging being equal to the brand. The core functions of packaging are categorised into different levels displayed in the figure below. The figure is based on our personal interpretation of previous research on packaging

and branding. Level one represents the basic function of packaging; namely packaging as protection. At level two, packaging is not only used as protection of the good it contains, but also as a marketing tool used to position the brand. At the third level, packaging is integrated with the brand.

Therefore, the different functions of packaging are from now on referred to as different levels in the packaging hierarchy.

Figure 2.6: Packaging Hierarchy
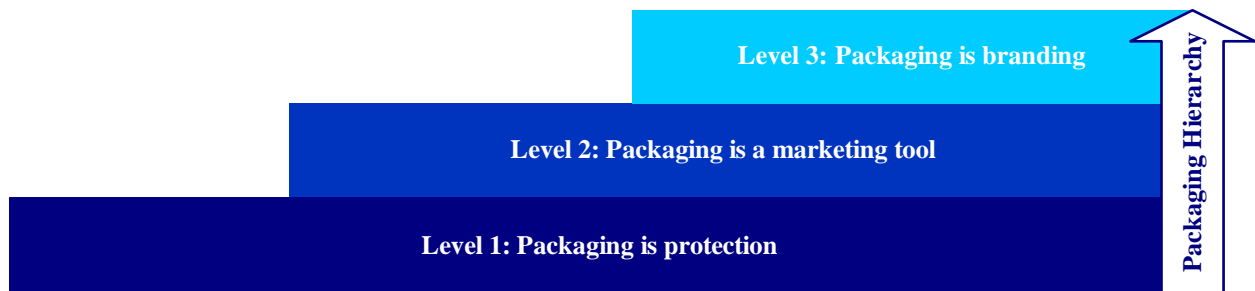
All different levels will be explained in the following paragraphs.

Level 1: Packaging is Protection

> *"Food is packaged to preserve its quality and freshness,*
> *[…] and to facilitate storage and distribution"*
>
> (Codex Alimentarius Commission, 1985)

The basic function of a package is to protect the goods it contains. Robertson (1993, p1) notes that packaging surrounds, enhances and protects goods from processing and manufacturing, through handling and storage, to the final consumer. Packaging enables the supply of everyday commodities, making it possible to distribute perishable foods over long distance (Rundh, 2005). Prendergast and Pitt (1996) argue that packaging protects the product in movement and under different temperature conditions. The function of packaging then is to minimise the occurrence of damage, spoilage, loss through theft or misplaced goods. At this level, when packaging is only used as protection, there is no connection between packaging and branding, as shown in figure 2.1.

Logistics
Rundh (2005) states that the logistical function of packaging is to protect the product during movement through the various distribution channels. Below a simplified model of the supply chain from a FMCG food company to the consumer is visualised. This is done to indicate the importance of protection throughout the supply chain.

Convenience is related to both logistics and marketing. It provides not only convenience for the consumer but also for the retailer of handling and storing the product (Prendergast and Pitt, 1996). Furthermore, it can be seen that the suppliers and the design agencies are included in the process of delivering products from FMCG food companies to consumers.

Figure 2.7: Simplified Supply Chain for FMCG
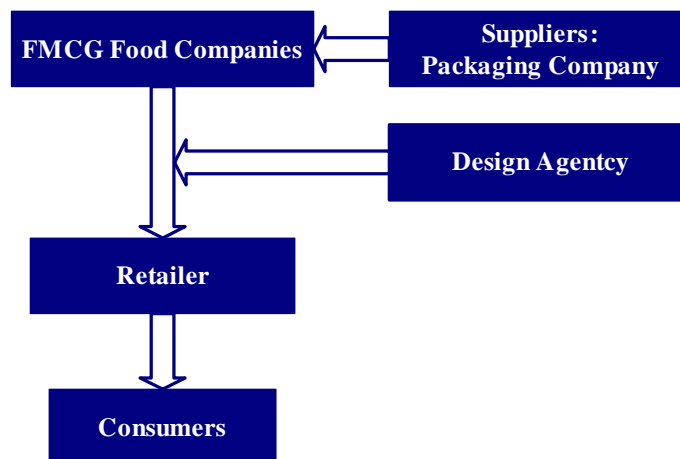
The role of packaging in distribution is increasing in importance because distances between point of production and point of consumption are increasing, thus making efficient packaging more necessary (Jahre and Hatteland, 2003). Bowersox and Closs (1996 cited in Jahre and Hatteland, 2003) add that by adapting logistics and packaging activities to each other, the package becomes more efficient in fulfilling its logistics role.

Level 2: Packaging is a Marketing Tool

"Silent salesman on the shelf"

(Dichter, 1957, cited in Vasquez *et al., 2003*)

At this level, packaging is considered to be a marketing tool, used to promote the product it protects. Verebelyi (2000) argues that packaging should be considered the most powerful marketing tool. Without packaging, materials handling would be messy, inefficient, costly, and modern marketing would be impossible (Robertson, 1993, p1). Southgate (1994, cited in Fill, 2002:723) argues that packaging can both be termed active and passive. While passive packaging relies on heavy advertising to create interest, active packaging is more demonstrative and tends to work with the other marketing and communication elements.

In the 1930s, the package started to be seen as more than just protection of its contents (Conradson, 1977). It was the producers' desire to differentiate their products from competitors that drove this change. The branded package became a way to influence consumers at point-of-purchase. The real breakthrough for packaging as a marketing tool came in the 1950-60s, when self-service markets were introduced (Conradson, 1977). Dichter (1957) was the first author that referred to packaging as the "silent salesman", indicating that packaging must come alive at the point of purchase and represent the salesman.

Communication through Packaging

Rettie and Brewer (2000) argue that the critical importance of packaging design is growing in importance because it becomes the primary point of contact between consumers and the FMCG company. Hence, packaging becomes the primary tool for communication, and attractive packaging is thus essential (Hine, 1995:a). Gershman (1987) adds that packaging attracts attention to a product and reinforces a brand's image. He argues that the package makes the final sales

pitch, seals the commitment and gets itself placed in the shopping basket. Harckham (1989) states that the package is the consumer's window to the product because it often projects the initial notion they form about the product, its value or its quality. Underwood and Ozanne (1998) add that for food products, where the product is often not in its final form, the consumer often has to rely on the package to develop an impression of the product in its prepared state.

Packaging can also be used to create brand attention, to identify the brand and the product, to facilitate brand and product recognition, and to inform consumers about price, ingredients and product use (Schoormans and Robben, 1997). Moreover, decisions made at point-of-purchase, especially those in the FMCG sector, often require consumers to build awareness through recognition (Fill, 2002, p721). Packaging can communicate an intended meaning of the brand (Keller, 1993). It can also provide a new upscale positioning for a brand. Packaging may contribute to the development and/or the strengthening of a relationship between the consumer and the brand (Underwood, 2003).

Packaging design

Plasschaert (1995) states that the structural elements of package design (e.g. shape, size, materials) reflect the nature and personality of the product. A number of dimensions affect the power and utility of a package. The author elaborates that the colour of a package provides brand identification and visual distinction. Colours have the ability to facilitate recognition of the product categories, communicate product positioning, serve as a code within a category and serve as a cue for abstract attributes. Moreover, Plasschaert (1995) emphasis that the shape of the package can be a strong form of persuasion, since the package can also have functional aspects. The shape can also provide information about how to open and use the product and some packages can be used after consumption for other purposes.

Level 3: Package is Branding

"The package becomes the signature of the brand"

(Verebelyi, 2000)

In exceptional cases, the package can become the brand, implying that the package is immediately associated with the brand and even that the brand cannot not exist without the package. An example could be the Toilet Duck, Toblerone or the Pringles brand, which both are iconic and strongly associated with their package. The shape of a package is then a critical element for the brand identity and a very powerful differentiator. A package can then be a brand's strongest and most memorable identifying feature (Verbelyi, 2000). In these situations, the package becomes the competitive advantage. Pigeon *et al.* (1997) add that for products with little differentiation, the shape of the package can have significant impact on the product selection.

Some packaging design elements are an integral part of the brand image, like the Coca-Cola bottle (Orth and Malkewitz, 2006). The Pringles package has helped to secure the unique position of the brand by differentiating it from its competitors (Verebelyi, 2000). This is in line with Underwood (2003), who views packaging as an important total understanding of the brand, since it can lead to a competitive advantage.

Some brands with unique package shapes have reached an iconic status due to the familiarity and consistency in package design (Underwood, 2003). The author elaborates that these brands benefit from visual equity, a term used to describe brands that build equity, as a result of continuity in

packaging design. Melin (1997) mentions that a unique package can be crucial for the development of a successful brand.

2.5. Discussion

After reviewing the literature and discussing the two main elements of this study, namely packaging and brand management, the boundaries of this study are defined. Since this study is aimed at identifying the role of packaging within brand management, three frameworks, that are not directly connected, are used to discuss the role of packaging from various angles, namely the packaging hierarchy, the ideal packaging development process of Hise and McNeal (1988) and the brand equity pyramid of Keller (2003). These frameworks enabled to give a more complete understanding of the role of packaging in brand management.

In the packaging hierarchy, different levels of functions of packaging are presented. In the second and third level, packaging fulfils a role within brand management. It is interesting to investigate where companies are positioned on the packaging hierarchy, since it provides insights in how companies use and treat packaging within brand management. In the ideal packaging development process, developed by Hise and McNeal (1988), the interaction between packaging and branding is not apparent. Therefore, it is interesting to study whether this link is more clear in the way companies work with packaging nowadays. The customer-based brand equity model of Keller (2003) is used to identify how companies use packaging in their brand building activities.

3. METHODOLOGY

In this chapter, the methodological choices made are clarified and motivated. Moreover, a description of how empirical data was obtained is given.

3.1. Research Approach - Perspective

In order to understand the approach to the research question, it is crucial to identify the philosophical issues, which consciously or unconsciously influence the way the research is designed and conducted. The philosophical concerns consist of ontological and epistemological questions where ontology is "assumptions that we make about the nature of reality" and epistemology is a "general set of assumption about the best ways of approaching the world" (Easterby-Smith *et al.,* 2002, p27).

Malhotra and Birks (2003, p136) state that in general, there are two main paradigms that are used by marketing researchers, namely an positivist perspective and an interpretivist perspective. The aim of this research to form a better understanding of the role of packaging in brand management among FMCG food companies. Existing theories about packaging and brand management, namely the packaging development process and the packaging hierarchy, are applied to FMCG food companies. This implies that an existing framework is adopted for investigation, thus the positive perspective is applicable.

Malhotra and Birks (2003, p136) clarify that an underlying belief shared by positivists is the view that the social and natural worlds conform to certain fixed and unaltered laws in a chain of causation. Reality is thus fixed, and research draws together information of this reality. The main purpose of this research thus is to establish causal laws that enable the prediction and explanation of marketing phenomena.

A qualitative research method, namely in-depth interviews, is chosen to understand the logic of future targeted questionnaire respondents. Malhotra and Birks (2003, p136) explain that overall, qualitative research does not rely upon measurements or the establishment of 'facts' and therefore does not fit with the positivist perspective. However, if qualitative research is just seen as a set of techniques that are used to develop an understanding of the nature of the problem, then it is possible. The qualitative research is then applied in a preliminary stage to create possibilities for more quantitative research techniques.

The discussion above highlights that the conducted study has a deductive approach, even although it is a qualitative study. Well-developed theory is used to guide the researchers when conducting the study. And this theory about packaging and brand management, provides the framework for creating questions and measuring FMCG food companies' answers.

3.2. Research Design

For this study an exploratory research design is applied, since the purpose of this study is to develop a deeper understanding of the role of packaging within brand management in FMCG

companies. A qualitative exploration is chosen. The qualitative method is believed to bring, necessary for this study, in-depth understanding on the topic (Alvesson and Sköldberg, 1994:10-11). In-depth interviews with industry experts and managers of FMCG companies are conducted in order to generate maximum insight. The sample is small and not representative. Malhotra and Birks (2003, p63) elaborate that emphasis of the sample is placed on the 'quality' of the individuals who are willing to participate, that reveal perhaps sensitive thoughts and behaviour. Quality also emerges from their level of expertise.

However, since the research is approached from a positivist perspective, it should be kept in mind that the respondent is treated as an object that is treated in a consistent manner. Interaction between the researcher and the respondent is, as far as possible, limited. This is done to remove any potential bias. Furthermore, the researcher sets aside all personal vales. The measurements of respondents are based on established theoretical propositions. These elements are suggested by Malhotra and Birks (2003, p139).

The main objective is to examine how the packaging decision process takes place and what role packaging plays in brand management. From the research question several sub-questions are derived. In the figure below, the relationship between the research question, sub questions and data-providing sources is visually reflected.

Figure 3.1: The relationship between the Research Question and data-providing Sources
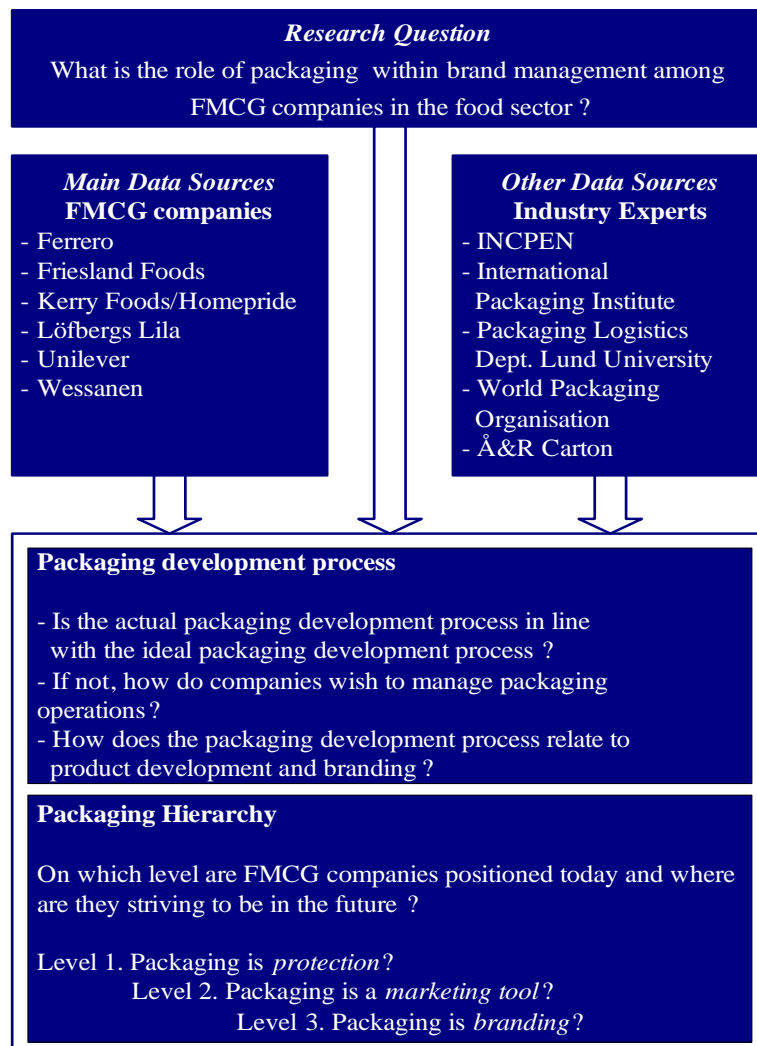
3.3. Data Collection

The data used in this study was mainly collected by conducting interviews with FMCG food companies and various industry experts in the field of packaging. This was done in order to get a complete picture about the various aspects and the role of packaging within brand management of FMCG food companies.

Kvale (1997) states that a qualitative study normally includes 15 ± 10 interviews, depending on the resources and time at hand. The amount of interviews is affected by the aim of the research. For this study, it is assumed that six company interviews and five industry expert interviews was within the capacity and suited the aim of creating a thorough understanding of the role of packaging within brand management. It would have been impossible to handle a larger interview sample due to the limited time aspect of the thesis.

3.3.1. Selection of participants

The selection of participants was made by applying a non-probability sampling technique. It was chosen to apply convenience sampling of existing FMCG food companies. This implies that the selected respondents are chosen on the basis of convenience. These respondents are part of the (extended) network of the researchers (Malhotra and Birks, 2003, p363-364) and were approached with the question whether they were willing to participate in this study.

According to Malhotra and Birks (2003, p363), this sampling technique is the least expensive and least time-consuming of all sampling techniques. However, it should be noted that a serious problem of this sampling technique is that interesting sources of information can be excluded and that a bias occurs in respondent selection. From the selected participants it is not possible to draw any conclusions for all FMCG food companies. Still, this is not considered an obstacle, since the main aim of this research is to generate general indications of how FMCG food companies treat packaging within brand management. Malhotra and Birks (2003, p364) strengthen this argument. These researchers state that convenience samples are especially useful in exploratory research to generate ideas and insights. During another study the robustness of these general indications should be tested statistically.

The respondents were chosen since they have a fairly high position at leading FMCG companies in the food industry and have working experience in the field of packaging and brand management. It is assumed that all respondents are employed at companies that have well developed branding and packaging strategies, so have expertise in these fields. Because of the arguments mentioned above, it was logical to research these companies to reveal the importance of packaging within brand management. In addition to interviews with FMCG food companies, interviews were conducted with various industry experts. The respondents are believed to be able to provide important information about food packaging that cannot be obtained from other sources.

Below a list of respondents is reflected. In appendix A, a complete list of all companies and a description of their field of business is given. Furthermore a description of the function of the various industry experts is given.

Table 3.1: Overview of respondents and accompanying companies and associations

List of Respondents	
Company	**Function**
1. Ferrero	Marketing Manager France
2. Friesland Foods	Board of Management – Corporate Management
3. Kerry Foods	Category Manager and Brand Manager
4. Löfbergs Lila	Manager of Innovation, Product Manager
5. Unilever	Packaging Group Leader Europe
6. Wessanen	Senior Vice President Market Communications
Industry Expert	**Function**
1. INCPEN	Director INCPEN
2. International Packaging Institute	Managing Director (Paccedo AB), Business Development (IPI)
3. Lund University, Packaging and Logistics, LTH	Assistant Professor
4. World Packaging Organization	General Secretary
5. Å&R Carton	General Manager Cekacan & Cekacan Components Supply Manager

3.3.2. Procedure of approaching respondents

The respondents were informed of the purpose of this research by a letter of introduction (see appendix B) which was sent to them as an introduction of this study. The interview questions were sent in beforehand to the respondents, so they had time to prepare the answers before the interviews took place. The actual interview was conducted by phone or face-to-face and, on average, the interview lasted about one hour. This length of the interview was vital since it was aimed to gain a profound understanding of the respondent's perceptions.

The next subsections will discuss in further detail the interview setting and the structure of the interview.

3.4. Interviews

All interviews followed an interview guide with open questions related to the research area. This data collection method was found appropriate for this research since it captures best the

information required. It allows the interviewer to uncover underlying motivations, beliefs, attitudes and feelings on the topic (Malhotra and Birks, 2003, p182-183, p192-193). The interview guide was used to allow the respondents to speak freely and to tell "their story" in as unbiased manner as possible (Silverman, 2000). When possible, the interviews were tape-recorded, but where interviewees objected, detailed notes were taken during the interviews. Both face-to-face- and telephone interviews were used, depending on the preference of the respondents. The questions were sent beforehand to the respondents in order to give them time to reflect and get familiar with the questions. This increased the objectivity of the interviews, since beforehand the structure of the interview questions was set.

Interviews with companies were chosen in order to reveal their view on how FMCG companies treat packaging, and whether packaging is considered an important factor in managing a brand. The purpose of these interviews is to explore ideas, make new connections, and create new perspectives of the relation between packaging and branding. Industry experts were interviewed since these experts could provide a different perspective and general knowledge concerning the role of packaging within brand management in FMCG food companies.

All interviews were conducted by the three researchers, to limit the possibility of misinterpreting answers. This was strengthened by conducting the telephone interviews with a speaker-phone. In this way all researchers could pay careful attention to what was being said and to make tape-recording possible.

This data collection method is also considered to have disadvantages. It is time consuming, which implies that the number of interviews is limited. The quality of the answers is also highly dependent on the respondents' experience relevant to the study, and their honesty and clarity (Malhotra and Birks, 2003:40-41). In order to assure, to a certain degree, the honesty and quality of the answers, the respondents were given the possibility to participate anonymously.

3.4.1. Face-to-Face Interviews

This method is considered to give the flexibility of data collection that is considered important for this research. When necessary, the interviewer can explain or clarify difficult questions and ask additional questions when needed. However, the interaction between respondent and researcher should be minimised.

3.4.2. Telephone interviews

Together with face-to-face interviews, telephone interviews were conducted. This method is preferred to face-to-face interviews since it lacks the possibility to monitor body language. Since the research is approached from a positivist perspective, the respondent should be treated as an object and no interpretations should be made. Therefore, telephone interviews were preferred over face-to-face interviews, to limit the amount of interaction between the researcher and the respondent. Another possible advantage with telephone interviews could be that the interviewer taking notes or tape recording does not distract the respondent (Bryman and Bell, 2003:120-121).

3.5. Interview Design

The structure of the open-ended interview questions is based on the *ideal packaging development process model* of Hise and McNeal (1988), and the *packaging hierarchy*, which both were shown and discussed in the theoretical framework. These two frameworks are used to identify the role of packaging within brand management.

All questions are divided into different categories, to cover various aspects of packaging and brand management. In table 3.2 it is clarified which questions refer to which theoretical background. In the figure below, a specification of the interview questions is depicted. A list of all interview questions for FMCG companies and industry experts is reflected in Appendix C.

Table 3.2: Interview Questions Specification based on theoretical frameworks

Research Question

Main Data Sources
FMCG companies

Other Data Sources
Industry Experts

Interview Questions Specification

Categories	Related Questions
General	1A, 1B, $3C_{1,2}$, 3D, 3E, 3F 4B, 4D, 4E 6A, 6B, 6C
Packaging development process	
Internal Process	$2A_2$, 2B, 2D, 2E, 2F, 2H
- Marketing Plan	$2A_2$, 2G, 2I 3B 5D, 5E
- Cost Analysis	$3C_1$, 3E, 3F
- Packaging Design	$2A_1$, 2C, 2K
- Package Testing	2J
- Consumer Testing	2J
- Distribution Reactions	2G, 2I
- Test Marketing	2J
- Final Design Approval	$2A_1$ 3G
Branding	5A, 5B, 5C, 5D, 5E, 5F, 5G
Packaging Hierarchy	2B 3A, 3B, 3D 4A, 4C, 4D, 4E, 4F, 4G 5A, 5B, 5C, 5D

Two different interview guides were made, one for the FMCG companies and one for the associations. The questions asked were similar. However, FMCG companies received an extended version of the interview guide. This was done as more precise questions were included in the FMCG companies version, since these are the main focus of this research.

3.6. Data analysis

To analyse the empirical data generated by the respondents, the answers of the respondents are compared to existing theory and similarities and differences can be noticed. All answers of respondents are treated and valued equally. Transcripts of the interview answers are created by transcribing the tape conversations or detailed notes. The empirical material is then compared to theory. Possible differences between theory and empirical material are noticed and summarised. This approach is in line with the positivistic perspective, which implies that the researchers only interpret empirical material based on established theoretical propositions, while excluding personal values and beliefs (Malhotra and Birks, 2003, p139).

3.7. Research evaluation

When conducting qualitative research, various criteria to evaluate the reliability and validity of the research emerge. Especially since the research is conducted from a positivistic perspective, information about reliability and validity is important. However, since this research is of a qualitative nature, other criteria exist to evaluate this type of research. Guba and Lincoln (1994, cited in Bryman and Bell, 2003, p289) propose two primary criteria for evaluating qualitative research, namely trustworthiness and authenticity. Authenticity is however not taken into account, since this research is written from only one perspective, and therefore the criteria for authenticity are not applicable.

3.7.1. Trustworthiness

Trustworthiness consists of the following four criteria: credibility, transferability, dependability and confirmability. The first two criteria relate to what is referred to as validity (respectively internal and external validity). The latter concepts respectively relate to reliability and objectivity. Confirmability is not discussed in this section, because it strongly depends on the trust and faith in the researchers.

Credibility

The amount of useful literature on the topic of packaging and branding is limited. Most literature is written from the consumer perspective, while this research is aimed to capture the FMCG companies' viewpoint. Therefore, the broader theoretical frameworks that exist on packaging and brand management, are taken into account. These broader references offer a wide selection on many different sources in order to best study the object and not depend on one source. The research is conducted according to the canons of good practice (Bryman and Bell, 2004, p288).

Transferability

The goal of the research is to give a detailed or 'rich' description of the role packaging within brand management among FMCG companies. The data generated by the study are a thorough description of the participants' knowledge and experience with packaging. The social reality in which these respondents are situated is dynamic and continuously changing, therefore the transferability is limited. Extensive and precise description of the applied methodology should, to some extent, improve the transferability (Bryman and Bell 2003:289).

Dependability

By keeping records of every phase within the research process and by describing all steps taken in order to achieve the final results, dependability is ensured (Bryman and Bell, 2003: 289). The interviews conducted with the FMCG food companies could sometimes touch sensitive subjects. Therefore an opportunity to remain anonymously during the research was offered. This promise however reduces the dependability on the research in general. However, only one respondent chose to be anonymous.

Since this study is cross-sectional, it presents only a snapshot in time. Repeating the study at another point in time might result in different research findings, since the role of packaging within brand management changed a lot over time and is likely to change in the future. A longitudinal study would be able to notice any changes in the importance of packaging in brand management of FMCG companies.

The study naturally depends on the contextual circumstances, since there are frequent changes in the environment in which the companies operate, together with frequent changes in the (national) regulations of packaging. Performing a longitudinal study was not possible due to time constraints and difficulties to monitor the role of packaging in various companies simultaneously.

Confirmability

According to Bryman and Bell (2003:299), qualitative research is often criticized as being too impressionistic and subjective. This research is based on the assumption that social actors are continually accomplishing social phenomena and their meanings. Thus, it is already assumed that the study will to some extent include subjective views. However, the research has been conducted in good faith and attempts to limit personal values or theoretical leaning that could jeopardize the objectivity of the research findings.

3.8. Limitations

This study focuses on relatively large FMCG food companies operating in saturated/mature European markets and their view on packaging and branding. Alternative views such as consumer, retailer and packaging companies are beyond the scope of this research. The study is limited to primary packaging aimed for consumer markets, implying that secondary and tertiary packaging is not considered. Private labels have been excluded from this study, since their packages are mostly cost-driven and thus of little interest for this study.

A disadvantage of the qualitative study is that the generated knowledge is not generalisable to all FMCG food companies. Instead, this study provides deeper insights in how FMCG companies treat packaging. The findings of this study can during another study be quantitative examined and validated.

4. RESEARCH FINDINGS & ANALYSIS

In this chapter, the empirical data collected and the analysis are discussed simultaneously. The analysis is based on the empirical data collected and theory described in the theoretical framework. First, the view of FMCG companies and industry experts on packaging is analysed, followed by the packaging hierarchy, the customer-based brand equity pyramid and the packaging development process. The chapter ends with a final discussion.

4.1. Structure of the Analysis

In order to answer the research question - *the role of packaging within brand management among FMCG food companies*, first the view of FMCG food companies and industry experts packaging is revealed. Emphasis is placed on the question whether packaging is a product-related attribute or a non-product related attribute and what the different functions of packaging are. This broader context provides full understanding of the interaction between packaging and brand management. This is needed to recognise the role of packaging within the packaging hierarchy, the customer-based brand equity pyramid and in the concept development process.

The packaging hierarchy is used to analyse and identify how companies treat packaging in relation to branding. Subsequently, it is possible to draw conclusions on which level of the hierarchy the interviewed companies are located. This is done by evaluating the collected empirical data.

In the following section, it is analysed how companies' use packaging in order to build strong brands. The results and statements are analysed and evaluated on basis of the brand equity model.

The packaging development process is analysed to understand the relation between packaging and brand management. A new model of concept development is presented, which is based on the ideal packaging development model of Hise and McNeal (1988).

The analysis ends with a final discussion where an attempt is made to combine to see how a concept development process could be integrated with a brand equity model.

Figure 4.1: Outline of the Analysis
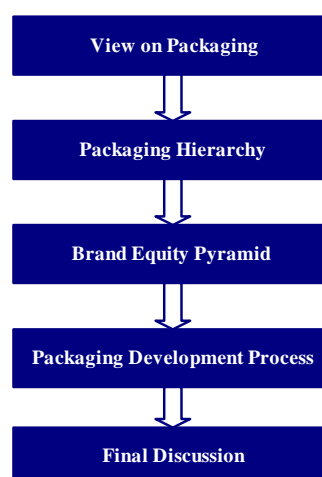
4.2. View on Packaging

4.2.1. What is Packaging?

In order to examine the role of packaging within brand management of FMCG food companies it is crucial to comprehend their view on packaging because researchers have not agreed on whether packaging is part of the product or a non-product related attribute.

"packaging is part of the product"

This expression was frequently heard during the interviews. This statement implies that most of the companies view packaging as a product related attribute, stating that the package is an important element in creating brand identity. However, Kerry Foods believes that the package should be even more integrated with the product than it is today.

Unilever emphasises that you cannot have a product without a package. This statement is consistent with existing literature. However, key point is not whether a product can exist without package, but whether the package alone is powerful enough to sell the product.

Researchers also agree that for most products packaging is part of the product. The view that packaging is a non-product related attribute is mostly applicable to homogeneous products and therefore less applicable for branded goods.

The IPI highlighted that packaging can be viewed as both a product and non-product related attribute, since packaging is part of the product for logistics and on the other hand part of promotion when selling the product. This answer implies that the IPI has a slightly different view on what product and non-product related attributes are. While the IPI highlights the difference of packaging being part of the product for logistics, and part of promotion when selling the product, researchers make a distinction between packaging being only part of the purchasing process, or completely integrated with the product and the brand.

"Product + Packaging + Communication = Concept"

(Friesland Foods)

Friesland Foods views packaging integrated with other elements, all part of a concept. The concept should be understood as a combination of product, package and its communication function. Different concepts of one brand are developed for different distribution channels and consumption moments. This approach towards packaging is comparable to the view of researchers seeing packaging as a product-related attribute.

Packaging, together with design, can differentiate even within a brand. This approach towards packaging can be seen as a special form of a product-related attribute. For different purposes, different types of packages can exist under the same brand name. It was discovered that identical products are packaged in different packages and therefore appealing to different target groups. This phenomenon could be classified as a *packaging extension,* existing next to brand and line extensions. This form of extension could be described as applying different concepts for different consumption moments. The beverage *Dubbelfriss* could illustrate it; an identical drink is offered to the market in different concepts such as a nightclub, supermarket, restaurant and convenience store concept.

In conclusion, it can be stated that experts have a different view on packaging then companies and researchers. A special form of a product-related attribute is the packaging extension.

4.2.2. Functions of Packaging

The IPI mentions that the slogan of Tetra Pak is applicable to evaluate the functions of a package:

> *"a package protects what it sells and sells what it protects"*
>
> (Tetra Pak)

Below the different functions of packaging are discussed. These functions are protection, marketing and branding.

Packaging and Protection

There are between industry experts and companies mixed opinions on what the most important function of a package is. While some put emphasis on protection, others mention that other functions are needed in order to be sellable on the market.

> *"if a package fails in protection – all other functions are worth nothing"*
>
> (IPI)

The overall view of both industry experts and companies is that protection is essential. INCPEN mentions that the prime function of a package is still protection. The Packaging Logistics Dept stresses this argument by stating that if the package does not protect the food effectively, you can have tremendous marketing and excellent branding, but still the sales of that brand will be low. On the other hand, especially the interviewed companies point out that protection is not enough. Å&R Carton mentions that protection of the product is a basic requirement. They further argue that creating attention is very important to get the first time buyer, while protection and convenience will achieve repeated purchases.

> *"protection is in different packages possible – we choose the ones that are selling"*
>
> (Friesland Foods)

Moreover, the same product can be protected in different packages. Companies evaluate the choice of a package on its added value to the product. According to Wessanen, a package has tangible and intangible aspects. While the tangible aspects concern the specification a consumer is looking for, like easy to use and open, the intangible aspects are the perceptions. The intangible aspects are increasing in importance nowadays as the consumer is more demanding and requires more than just functionality.

To conclude it could be stated the even though the primary function of packaging is protection, it also has other important purposes like being a communicator and having intangible features. In the next part the function of protection in the supply chain will be more closely described.

Packaging and Logistics

> *"packaging is an item when you look at it, but also part of a system: an enabler"*
>
> (INCPEN)

Both industry experts and companies agree that logistical implications are taken into account when evaluating packaging solutions. INCPEN claims that every company has to consider them; otherwise, they find themselves out of business. The IPI argues that mature companies consider logistics (pallet-sizes, re-packaging etc.) already in the packaging development process.

> *"the package should work in the supply chain, but should also deliver what the consumer needs"*
>
> (INCPEN)

However, for companies, logistics are not the primary focus as consumer preferences often are found more important. According to the Packaging Logistics Dept. there are always trade-offs. This is illustrated by the IPI, which notices that if only logistics were considered all packages would be squared. In order to stand out on the shelf companies make trade-offs. Companies judge the threat of not being able to fulfil consumer needs larger than optimal logistical packages.

> *"ensure that the package fits for logistical purposes"*
>
> (Unilever)

The Packaging Logistics Dept. argues that logistically efficient packaging can be used as a differentiation tool. However, this form of differentiation, namely price advantage, is irrelevant for branded goods concentrated on adding value.

> *"there could be more emphasis on logistics"*
>
> (WPO)

Jahre and Hatteland (2003) note the increasing importance of logistics, since distances between point of production and point of consumption are growing. The WPO elaborates that the focus of FMCG companies should not only be on own logistics, but also further downstream the supply chain at the retailer.

Summarizing the discussion above it could be stated that FMCG companies consider logistics but do not value it as the highest priority. Although, according to the industry experts still more can be done to increase its effectiveness.

Packaging in the Marketing Mix

> *"all elements are interrelated"*
>
> (Å&R Carton)

All respondents mention that packaging is a very important part of the marketing mix. Ferrero states that packaging is the first tangible element of the brand that the consumer is exposed to. This reasoning is in line with Rundh (2005), who brings up that packaging is the first point of contact with the brand. Friesland Foods reinforces the importance of packaging in the marketing mix by stating that if you have the choice between advertising and attractive packaging, you should always choose for the pack. However, it is the totality of the marketing mix that makes a brand successful. For FMCG companies this means creating a product with preference.

> *"packaging is an ad"*
>
> (Wessanen)

Besides the logistical and protecting function of packaging, Wessanen acknowledges an additional role of packaging – its function as a communicator. This implies that packaging is used a positioning tool, transmitting brand identity to consumers. It acts as medium from which consumers create a brand image. Unilever underlines that additional functions of a package, as a medium, became more important during the past decade.

> *"what is for sure is that everybody visits the retailer"*
>
> (IPI)

Most interviewees notice that nowadays it is difficult to reach the target consumer via various media channels. Underwood and Ozanne (1998) are also aware of this difficulty. They notice that while having different habits, within the retail environment all consumers are exposed to the packaged product.

> *"packaging is a permanent form of communication"*
>
> (Friesland Foods)

The WPO states that the package has to sell the product in the retail environment. Wessanen adds that it is the consumer who makes the end-decision on the shop floor, therefore the power of the package should not be underestimated. Rettie and Brewer (2000) also argue that the importance of packaging design is growing in competitive market conditions like the retailer. These arguments reinforce the importance and powerfulness of packaging in the marketing mix.

> *"packaging makes the difference at point of purchase"*
>
> (Unilever)

The IPI sees that the role of packaging within the marketing mix is growing. However, it is clarified that the other media should not be excluded when promoting the product. Packaging is a form of advertising with which the consumer is most often confronted, not only during the purchase moment, but also frequently at home when using the product. Löfbergs Lila explains that therefore packaging is the most important communication tool. Underwood (2003) claims that packaging can contribute to strengthen the relationship between the consumer and the brand. Unilever adds to this reasoning that packaging plays a fundamental role at the first occasion of purchase of a new product, but once the product becomes more well-known, the relevance of the package moves back to the functional elements, like e.g. easy-to-open, re-closure, since the focus moves more to the product. Exactly the same reasoning was pointed out by Å&R Carton, discussed in paragraph 4.2. The Packaging Logistics Dept. elaborates this argument by stating that the package can be used to increase the margin on the product by signalling a higher value. This is very important, because food is, compared to other products, a low margin product. According to Å&R Carton, a famous and applicable quote of Rausing[1] is: "the actual value of the package should be more than the costs".

> *"the value has to outweigh the cost"*
>
> (Å&R Carton)

---

[1] Rausing, Ruben (1895-1983) – Founder of Tetra Pak

Many respondents mentioned value in form of functionality, as well as esthetical attractiveness. The IPI elaborates this argument, stating that packaging is not only about having the lowest cost. He explains that when you add value to your product by function, the company's costs increase. However, if more value is added to the product than the increased cost for the consumer, more profit can be made.

To conclude, packaging is an important element in the marketing mix, although it should be balanced with all other elements.

Packaging and Branding

> *"packaging is becoming a more significant part of the brand"*
>
> (Unilever)

The IPI states that packaging is an extremely important part of brand building. Also many companies acknowledge that the package can have a strong effect on the brand. However, the exact role of packaging in brand building remains mainly on the function of a marketing tool. Creating an iconic package to a brand is rather exceptional.

> *"adding functionality and other values to packaging can create a competitive advantage"*
>
> (IPI)

The WPO adds that the package should send signals to the consumer that are in line with the brand identity. Moreover, it is explained that a luxury brand has a perceived luxury package, while a low cost brand has a perceived cheap package. This reasoning is in line with Kapferer, (2004:99) who states that there is a medium that transforms the brand identity towards a brand image. In this situation, packaging can be seen as the medium. Gershman (1987) notes that packaging is an attractive method of communicating the assets of the product.

> *"the package should give the consumer an understanding of the brand and the quality of the product"*
>
> (Kerry Foods)

While Keller (1993) argues that packaging can communicate an intended meaning of the brand, the Packaging Logistics Dept. states that the package-product system is the branding. This system-thinking reinforces that packaging, product and brand are correlated. It is further elaborated that a package cannot create a brand by itself; it is dependent on the quality of the product.

> *"the package is a brand communicator"*
>
> (Packaging Logistics Dept.)

According to Wessanen, packaging can also renovate a brand, although it should not be used alone. Instead, it should be used as support in combination with a new recipe or modification of the product.

> *"you can really show the company's core values via packaging"*
>
> (Packaging Logistics Dept.)

Schoormans and Robben (1997) state that packaging can be a way of creating brand attention and enabling identification of the brand via recognition of the package. The package embraces the

core brand values and follows the consumer after purchase. When buying food you consume the product and then throw the package away. This is different for a non-food product. The WPO explains this by stating that when buying a TV, the package is thrown away while the TV used for ten years.

"for some products, packaging is really the key"

<div align="right">(IPI)</div>

The consumer is thus frequently exposed to the package, brand and ultimately to the promise of the food product. This implies that after use, the recall of the brand name and exposure to its core values is higher. Underwood (2003) states that packaging can lead to a competitive advantage because it adds to the total understanding of a brand.

Unilever notices that new technology has driven packaging towards more sophisticated packaging. According to the IPI, technology made new design and shapes possible, giving the opportunity to differentiate and therefore enabling brand building. Today there are more possibilities to change print and design. The Packaging Logistics Dept claims that these days, companies are not fully exploiting the possibility of differentiating by shape. Instead, the focus lies on print. This can be illustrated by looking at the cereal shelf in the supermarket, where all the packages look more or less the same, only print tells them apart.

The discussion above highlights that packaging can be used to create a competitive advantage if it is used in the right way, implying that the brand identity is clearly transmitted to the consumer.

4.3. The Packaging Hierarchy

In this section, it is analysed how FMCG food companies use packaging within brand management. The following sub-question relating to the packaging hierarchy, discussed in chapter two, is answered:

- On which level are FMCG food companies positioned today and where are they striving to be in the future?

In order to answer this, the level on which FMCG companies are positioned is identified. Although this is a rather complex task, an attempt is made to assess the position by evaluating the empirical material.

Figure 4.2: The relationship between branding and packaging

No Connection Between Brand and Packaging	Brand Positioning Communicated by 4 P's	Brand Identity

> *"the ideal situation is that packaging should be integrated and
> fundamental to branding"*

<div align="right">(Unilever)</div>

Most companies positioned themselves a little bit to the right from *packaging is a marketing tool*. However, many of them mention their ambitions to move forward into *packaging is branding* in the future.

> *"make the package iconic to the brand and by that differentiate on the shelf"*

<div align="right">(Unilever)</div>

In order to pinpoint the exact position of where the interviewed FMCG food companies are located, evaluations of their answers have been made by comparing empirical data with established theories. Is packaging seen as an opportunity or rather a necessity? If packaging is seen as a necessity, many opportunities are left unexplored. Protection is considered important but not enough to satisfy the more and more demanding consumer.

> *"packaging is turned from a marketing to a branding tool"*

<div align="right">(Packaging Logistics Dept.)</div>

Unilever agrees with this statement, and adds that packaging has become more of a branding and communication tool. It can act as a point of differentiation on the shelf. Nowadays technology offers possibilities to preserve the quality of the product in various ways with diverse kind of packaging solutions. Hence, protection for most products is not a concern.

If packaging decisions are taken early during the product development process, it can be concluded that the companies can be ranked at a higher level of the packaging hierarchy. Packaging is regarded an important element in the product proposition. Ideally, product, packaging and branding decisions are entirely integrated. This way of approaching packaging can be seen as *concept* thinking. In order to be at the highest level, where packaging is equal to branding, all decisions about packaging, product and brand are intertwined and are consistent with each other. In this way, synergy of all this components can be achieved.

Adding value to the overall concept instead of only focussing on reduction of costs indicates that companies are climbing up the packaging hierarchy. This attitude confirms that logistics are important, but they are only of secondary importance. Consumer preferences, usability and differentiation are valued higher.

All companies agree that packaging is an essential element of the marketing mix. However, the other elements are also important. Therefore, the intention should be to find a balance between all elements. Krugman (1994, cited in Madhavaram *et al.*, 2005) already suggested the integrated market communication, which could be seen as a balance of all elements. This balance confirms that the companies have reached the second level, where packaging is a marketing tool – the "silent salesman". Hence, in order to reach the highest level the "silent salesman", the package has to embrace the brand identity, the core values of the company and transmit it to the consumer, in order to create a brand image. Aaker (1996) agrees with this view and mentions that packaging is a major part of the brand identity.

> *"packaging as branding is growing"*
>
> (IPI)

Being on the highest level of the packaging hierarchy, when packaging equals branding, can lead to several advantages for companies. According to the interviewed FMCG companies that are striving to reach this level, packaging provides more than differentiation on this level. Since the package is iconic for the brand, the consumer recognizes the brand immediately when seeing the package. This implies that the brand would not be the same without the package.

> *"a package should help in building brand equity"*
>
> (Ferrero)

An iconic package enables the brand to differentiate on shelf and have a higher recall of the brand, which implies higher brand equity and increased possibility of purchase. In conclusion, it could be said, that if the package is a strong brand communicator, less advertising is needed. The package is then the signature of the brand.

4.3.1. Discussion

Companies consider packaging not only as a form of protection, but also as a form of communication or even as a way to differentiate the product and the brand. However, most companies are located on the second level of the packaging hierarchy, where packaging is used as a marketing tool. However, packaging is most often not equal to the brand, so companies seem to be not fully exploiting the possibility of branding via packaging.

4.3.2. Final Thoughts

Å&R Carton states that companies are becoming more and more aware of the role of packaging within the marketing of their brand. However, by investing in packaging success is not guaranteed. The question is always whether the investment pays off. The threats might be the nowadays highly competitive market with limited shelf space in the retail store, fast changing trends, packaging copy-cats e.g. in form of own brands, rapid development in technology. Å&R Carton highlights another issue; the degree of exclusivity of the package (being alone on the market), design protection and patents on packaging are mentioned. These elements are needed in order to get and keep an exclusive package for the product and gain a competitive advantage. However, this is not always easy to accomplish.

In conclusion, packaging can offer differentiation on the shelf. However, thorough market research is needed to investigate whether the threats can be conquered. It should be kept in mind that:

> *"by not making a choice, the choice is made to not change in a world where changes occur every day"*
>
> (Å&R Carton)

4.4. Brand Equity Pyramid

In this section, it is analysed how companies' use packaging in order to build strong brands. The results and statements are analysed and evaluated on basis of the brand equity model. As mentioned in the theory, this model maps out what brand equity is, and how it should best be built, measured and managed. However, it should be kept in mind that the power of a brand is what resides in the minds of consumers.

In the model below, the customer-based brand equity pyramid is reflected. All building blocks were discussed in the theoretical framework in chapter two. In this section, the connection to packaging is made.

Figure 4.3: The Customer-based brand equity pyramid
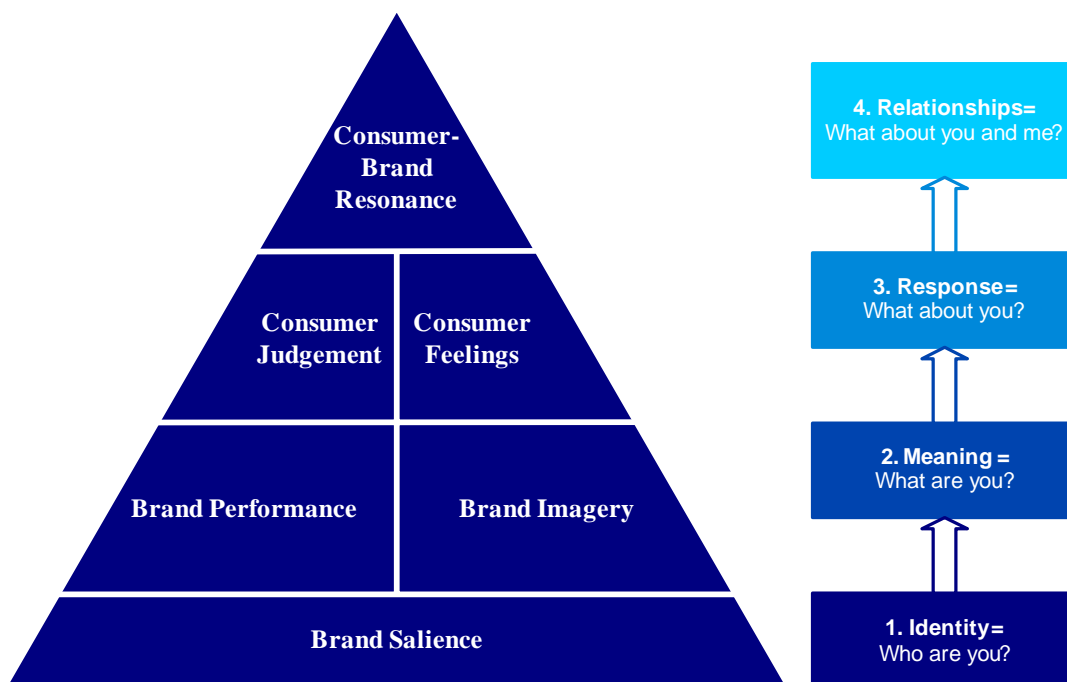
Source: Keller (2003, p75)

Brand Salience

> *"successful brands have a high recognition"*

(Friesland Foods)

It is stated that packaging is part of the brand identity. It helps in brand recognition especially if the package is well differentiated. Ferrero adds that for existing brands, the package must be a strong reference.

> *"the package should reflect the brand – it follows the identity rules of the brand"*

(Unilever)

This is in line with Keller (2003), who states that the likelihood that a brand element, in this case packaging, will come to the mind and the ease with which it does so, is the depth of the brand. Friesland Foods underlines this argument by stating that brand awareness is important.

Brand Performance

> *"If the package does not work you will not buy the brand again"*
>
> (Kerry Foods)

According to Keller (2003), this block is at the heart of the brand, as it is the primary function of the product and influence on what consumers experience with the brand. The package must be usable in the whole consumer process, so not only when opening it, but it should also fit in your fridge or shelf according to Friesland Foods.

> *"adding functionality and other values to packaging can create a competitive advantage"*
>
> (Wessanen)

The trick is to understand what the key things are that give the package a competitive advantage. Consumers want to try different and new things, it then has to work so that consumers will buy it a second time. Creating attention is very important to get the first time buyer, while protection and convenience will achieve repeated purchases. Keller (2003) elaborates and states that the product must at least meet, if not exceed, the consumers expectations in order to stimulate repurchase.

Performance depends also on sensory factors as the appearance of the package (Keller, 2003). Plasschaert (1995) elaborates that the shape and colour of the package can be a strong form of persuasion. The appearance of the product can facilitate recognition of product categories, communicate product positioning, serve as a code and serve as a cue for abstract attributes.

> *"you can really use the package to increase the margin by signalling a higher value"*
>
> (Friesland Foods)

Price is according to Keller (2003) an aspect that consumers are very sensitive to. However, many of the companies stated that just as long the value outweigh the cost, the price is not an issue. The consumer can determine the value of the product individually.

Brand Imagery

> *"there is no ideal package – its about tangible and intangible assets. Consumers are more looking at intangible assets when buying – however, in the end it is about the combination."*
>
> (Unilever)

A product, brand and its package can trigger a mental image of users or idealized users (Keller, 2003). Unilever states that dark packages are most often meant for men, while colourful packages are aimed at children.

> *"Packaging plays a more important role since it is a visual image that the consumer gets"*
>
> (Löfbergs Lila)

Packaging can create an image. Wessanen mentions that for its health food line it is crucial that the package radiates the image of natural, sincerity and feel good.

Consumer Judgements

The consumer judgements building block focuses on consumers' personal opinions about the brand based on how they put together different performance and imaginary associations. Löfbergs Lila mentions that they are striving to be perceived as a family brand. Friesland Foods adds that they wish to position their *Friesche Vlag* dairy brand as the number one choice for the Dutch family, implying that they are superior to other brands.

"we want to be perceived as a healthy brand"

(Wessanen)

Consumer Feelings

Keller (2003) relates this building block to what kind of feelings and emotional reactions the brand evokes. Ferrero mentions that they strive to give the feeling of being pampered in the sense of luxury when buying one of their chocolate brands, therefore exclusive packages are used.

" it is about selling feelings – also by looking at the package"

(Ferrero)

Consumer-Brand Resonance

Keller (2003) states that the final step of the pyramid focuses on the ultimate relationship and level of identification that the consumer has with the brand. FMCG goods being of rather low-involvement (Silayoi and Speece, 2004) very seldom reach the level of consumer brand resonance. The interviewed companies seem to strive to reach the top of the pyramid by trying to build stronger blocks.

4.5. Packaging Development Process

In this section, the focus is on the packaging development process. First it is discussed when the packaging development process of Hise and McNeal (1988) is activated. Reasons for changing packaging are presented, together with a paragraph about suppliers of packaging solutions. After that, the actual way in which companies actually work is examined. Finally, an updated version of this model is presented, highlighting the desired process of concept development indicated by the interviewed companies.

This section answers the first three sub-questions will be analysed. These questions are:

- Is the actual packaging development process in line with the ideal packaging development process?
- If not, how do companies wish to manage packaging operations?
- How does the packaging development process relate to product development and branding?

4.5.1. Reasons for Changing Packaging

One of the most common reasons for changing packaging, referred to during the interviews with FMCG companies, is to stay in line with the evolving consumer and to offer excitement. Preferences and habits change over time, so in order to stay up-to-date, product packaging needs to be updated. Ferrero claims that a common reason for changing existing packaging is thus to modernize the brand. Wessanen highlights that it is crucial that the package still reflects the brand after a change has been made. Another often heard statement is that a change of package can be used to reposition the existing brand.

Industry experts highlight also other reasons for changing packaging. They mainly focus on a reduction of costs and adding value to the product (thus upgrading the brand) as reasons for changing existing packaging. Another reason could be that packaging companies can be quite convincing in their marketing to change existing packaging. Legislation can also be a reason for change, but these changes are often hardly visible.

> *"it is more about changing the print, not the physics of the package itself"*
>
> (Wessanen)

There are two ways of changing packaging, namely the shape and the print. Many companies upgrade their packaging most often in the less costly way, namely by changing the print on the package rather than the physical package itself. Developing and producing a new package is a huge investment, since a new machine park may be needed. However, since consumers and competition change over time, a design will last only for a couple of years. Therefore, according to Friesland Foods, packaging design changes are regularly needed. The changes are always consumer-insight related. Furthermore, it is added that FMCG companies always need to have contemporary propositions.

> *"to be competitive it is important to work with innovation and communication"*
>
> (Löfbergs Lila)

These arguments are in line with Rettie and Brewer (2000), stating that packaging design is growing in importance especially in the competitive market conditions such as the retail store.

In conclusion, it could be stated that the most common reason for changing packaging is to adapt to consumer preferences. To achieve this, it is important to work regularly with design and innovations.

4.5.2. Suppliers

> *"it's all about building trust"*
>
> (Å&R Carton)

In general it could be said that FMCG companies depend on current packaging suppliers and prefer building long-term relationships.

> *"we always look around"*
>
> (Wessanen)

However, for innovative solutions the market is scanned. The most unique solutions are often offered by small suppliers, which are able to offer exclusivity. Unilever underlines that they only consider new suppliers that are capable of doing business and can deliver their promises.

"with the biggest suppliers it is hard to get differentiation"

(Friesland Foods)

The companies mention that in order to get exclusivity and added value in packaging, it is necessary to contact niche players. The larger packaging solution suppliers are contacted when the objective is economies of scale. The package then is not exclusive and unique, e.g. differentiation by a Tetra Brik is hard to get. The small suppliers might therefore play an important role in the future if more unique packages are desired.

It was mentioned by Löfbergs Lila that occasionally the suppliers suggest new solutions of packaging that can boost sales or offer a reduction of costs.

"our company is friends and enemies with the packaging industry at the same time"

(Friesland Foods)

Friesland Foods suggests that it is favourable to have two kinds of suppliers of comparable packages, so it is possible to compare the offers. However, the more unique the package is, the more limited the selection of suppliers is.

"to make things look different"

(INCPEN)

Summarizing the elements above, it could the said that even though FMCG companies maintain and nurture their existing relations with suppliers, they are open for other, more effective solutions.

4.5.3. The Ideal Packaging Development Process

The model below reflects the packaging development process, which was described in the theoretical framework. Hise and McNeal (1998) acknowledge that this model is only ideal when product and packaging development processes are separated.

Figure 4.4: the ideal packaging development process
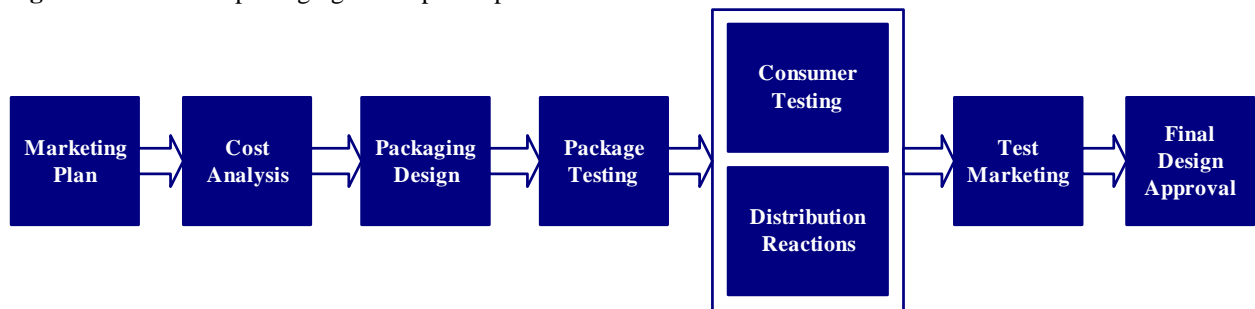
Source: Hise and McNeal (1988)

Packaging Procedure

> *"the final decision lies with marketing"*
>
> (Unilever)

A common answer of respondents was that the marketing department does not take packaging decisions independently, but gets inputs from various departments that have specific knowledge of e.g. finance, production, R&D and purchasing. This is done to include expert knowledge to the decision making process and create an overview of the possibilities. However, the marketing department takes the final decision.

> *"marketing is considered a spider in the web"*
>
> (Friesland Foods)

Crawford and Di Benedetto (2006) also acknowledge the involvement of many departments in the packaging development process. They underline that due to the complexity of this process, packaging decisions may take months.

Unilever states that unfortunately the company is still product oriented rather than product packaging oriented. They first solve product-related issues before considering packaging. Therefore, the packaging development process of Hise and McNeal (1988) seems suitable for Unilever. Friesland Foods highlights again the 'concept' thinking, meaning that the package development should be integrated with the product development.

Marketing Plan and Costs

> *"it all starts with consumer insights"*
>
> (Friesland Foods)

Löfbergs Lila explains that the marketing plan consists of several elements. It starts with an analysis of the market potential together with consumer preferences, before the development of the product and package takes place.

> *"there is no central budget"*
>
> (Wessanen)

Packaging can be divided in many different cost centres e.g. R&D, production and design. Having a central budget is therefore, according to the interviewed companies, rather complicated. A reason for this phenomenon is, according to Nickels and Jolson (1976), that packaging activities are highly fragmented.

Packaging Design

Once the decision has been taken to develop a new package, the actual design is often outsourced to external agencies.

> *"we use agencies, although of course they receive clear descriptions"*
>
> (Kerry Foods)

Ferrero explains these clear descriptions by stating that the company provides the design agency with an "image guide". This is done because certain design aspects (e.g. the logo) are an international decision. Friesland Foods adds that it is crucial that the new packaging design is in line with the brand identity. The brand name has clues on how the package needs to be designed. Vazquez *et al*., (2003) add that new designs should match current packages in the portfolio.

> *"we are focused on the environment and responsibility"*
>
> (Löfbergs Lila)

For packaging design, several legislations and guidelines are taken into account, according to the respondents. Many of the companies mentioned environmental, recycling and responsibility issues. The environmental issues were also identified by Sonneveld (2000) to be one of the major drivers for innovation in packaging. Many of the companies underlined that stakeholders' recommendations are also taken into consideration, as well as internal standards. INCPEN mentions the European packaging directive as a requirement of designing the package to be of minimal harm to health and safety. To consider sustainability is also one of the most common advices given to FMCG food companies by the IPI.

> *"convenience is one of the major drivers in the food market"*
>
> (Friesland Foods)

Many of the respondents mentioned that a trend of smaller packages, that offer convenience, functionality and make consumption on the go possible, exists. This could in some way contradict the trend for more environmental packaging, which is what the Packaging Logistics Dept. acknowledges. The IPI notices that it is the consumer that, in the end, decides to buy the package and therefore decides whether a product has too much or too little packaging. To motivate the consumer to change and buy environmental friendly packaging, the IPI suggests an 'environment tax' on harming packages according to its load on environment. The Packaging Logistics Dept. mentions that in the future there is an opportunity to work with other materials, which can at least enable to keep the same amount of garbage. This is important, as Prendergast and Pitt (1996) state, that packaging waste is a problem for current and future generations.

Retailer

> *"we consider first the consumer, then the retailer"*
>
> (Kerry Foods)

All companies point out that consumer preferences are of first priority. However, both industry experts and companies emphasise the increasing role of the retailer. All companies consider the retailer, especially since competition is increasing, from branded good and private labels. Other aspects that should be considered are the size of packaging and easy handling of the goods in the store.

> *"we never develop a package in isolation"*
>
> (Wessanen)

In some cases, packaging is even developed in close relation to the retailer. The IPI stresses however that the FMCG companies themselves take all packaging decisions. The retailers intervene only in extreme cases.

> *"the retailer is the key gate you have to get through in order to get to the consumer"*

<div align="right">(Å&R Carton)</div>

The FMCG companies seem to act accordingly to Danton de Rouffignac's (1990) advice to consult retailers at an early stage of product development.

<div align="center">*"the retailer is in contact with the consumer"*</div>
<div align="right">(INCPEN)</div>

Considering the retailer can be seen as a form of testing the designed concept, since the retailer has daily contact with the end-customer and therefore has significant knowledge about its preferences. However, other forms of tests exist and will be briefly described in the following part.

Testing

<div align="center">*"the more unique, the more different, the more testing is required"*</div>
<div align="right">(Friesland Foods)</div>

When developing packaging all interviewed companies stated that a distinction is made between new and existing packages (line extensions). Testing is expensive and time-consuming and therefore only used for new concepts.

<div align="center">*"for an innovative product market research is done on the product itself"*</div>
<div align="right">(Wessanen)</div>

Friesland Foods elaborates that new packages are always tested before launch, whereas for existing products, testing is not extensively conducted. Unilever expresses that testing can be divided in internal- and external testing. Internal testing is concerned with product and packaging testing e.g. production line trials, distribution and technical testing, while external testing concentrates on consumer satisfaction. Both qualitative and quantitative tests are conducted. The industry experts have a strong opinion about the importance of testing and find it necessary.

<div align="center">*"there is still more to be done and testing should be better utilised"*</div>
<div align="right">(WPO)</div>

The WPO argues that testing is very limited nowadays. Optimising the package with more testing can save money. According to the IPI, often the mature companies are leading or, more precise, can afford a wide selection of tests.

Final Design Approval

After all previous phases are successfully completed, a final design approval is made and the product is ready to be launched on the target market.

4.5.4. New Model of Concept Development

In this section, the ideal packaging development process model of Hise and McNeal (1988) is updated and adapted to current market conditions. This is done because the interviewed FMCG companies indicated that the 'old' ideal model does not seem accurate anymore.

"packaging is becoming more and more integrated with the product"

(IPI)

It was brought up during the interviews that packaging is integrated in various departments, and decisions about packaging are often taken together with product and brand decisions. A holistic approach, integrating product, packaging and branding is more appropriate for current business practices of FMCG food companies. The IPI elaborates this statement by arguing that developing a product first and then looking for a suitable packaging is the wrong approach.

"there are trends towards a more holistic approach"

(IPI)

After reviewing theories together with empirical material, the following model for concept development is suggested.

Figure 4.5: The concept development process
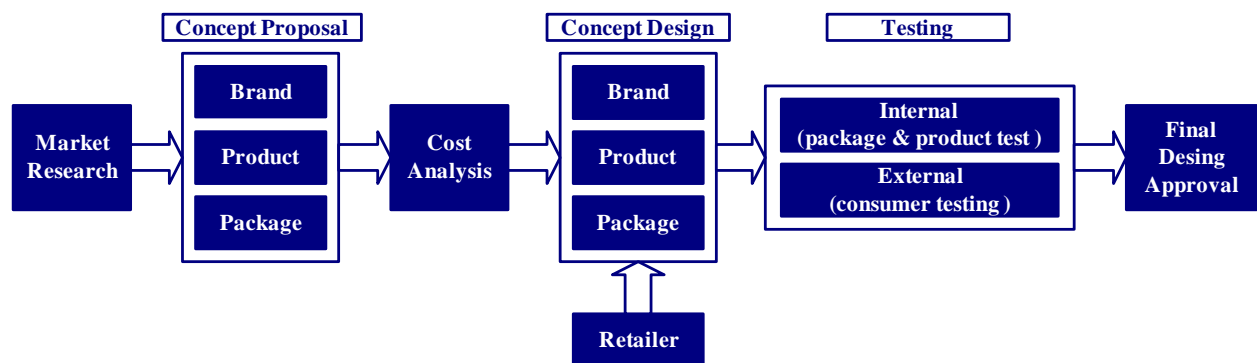
It is proposed that first market research should be done in order to scan the market for opportunities. Secondly, a concept corresponding to the opportunity should be developed. The concept consists of three major building blocks namely: brand, package and product. For a successful concept, these should be developed simultaneously since they are mutually dependent. A cost analysis is conducted before the concept design is made. Highlighted should be that all these parts have to be incorporated in order to radiate the same message, and by that achieve synergy. Ideally, the retailer should be included in this design process since its role is growing in importance. Next, the new concept is tested. A variety of suitable tests corresponding to the needs of the concept can be chosen. Lastly, a final concept design is selected.

4.5.5. Discussion

With the information above, the three sub-questions can be answered. It can be stated that the ideal packaging developing process of Hise and McNeal (1988) seems not applicable anymore to

the current business practices of the interviewed FMCG companies. Instead, a desire for integration of product, package and brand was noted. This desire is reflected in the *concept development process*.

4.6. Final Discussion

In the previous sections the concept development process and the brand equity model are given. In these models it was described how companies use packaging when striving for brand equity and how they would like to work with packaging, product and branding. In this section it will be discussed how these insights about building brand equity can be used in the concept development process.

In the first phase of the concept development process, no decisions about brands are taken, so none of the brand building blocks suggested by Keller (2003) can be applied here. However, it can be argued that in the concept proposal phase, where brand, product and package decisions are taken at the same time, companies should take the brand building block '*salience*' into account. This is very important, since when developing a concept, for the consumer it should be clear what the brand stands for and what the product and package have to offer in line with the brand name. By continuously keeping this underlying building block and its essential meaning in mind, a higher brand equity can be achieved.

The building block '*performance*' can be considered significant when conducting a cost analysis. Trade-offs between price consciousness and luxury and unique should be made. It should be taken into account how the companies would like consumers to perceive their brand.

In the concept design phase, the elements '*performance*' and '*imagery*' seem to play an important role. Performance is at the heart of brand equity and influences how consumers experience a brand and imagery relates to the abstract thinking of a customer about a brand, the intangible assets it possesses. These building blocks are essential to integrate with concept design, since companies want to create a concept that has a high emotional appeal, but at the same time also meets consumer expectations in terms of functionality, design and price.

The testing phase, especially external consumer testing, can be linked to brand responses in the customer-based brand equity model of Keller (2003). Brand responses can be measured as consumer '*judgements*' about a brand, taking quality, credibility and superiority into consideration. '*Feelings*', namely consumers' emotional reactions to the brand, can be tested in order to find out whether the concept proposition fulfils the intended positioning strategy.

After the final design approval, the concept is launched on its target market. Then it can be tested whether the building blocks result in consumer brand resonance, which is the top of the pyramid and the most valuable building block. It implies that a harmonious relationship between the consumer and the developed concept exists.

In the model below a visual representation of the integration between the concept development process and the customer-brand equity pyramid is presented.

Figure 4.6: combined concept & brand equity model
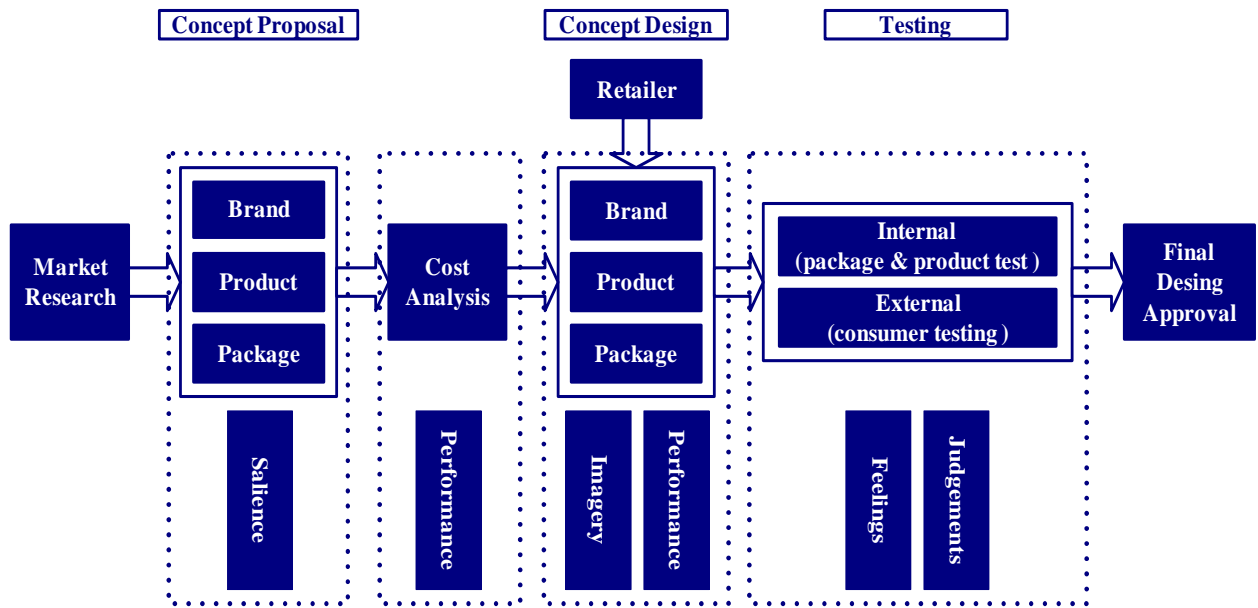
All building blocks of the customer-based brand equity model of Keller (2003) can thus be integrated in the concept development process. It can be concluded if the concept development process is carried out in the correct way, taking all brand building blocks into consideration, a base is created for building strong brands.

5. CONCLUSIONS

This chapter will summarize the results of this study and describes theoretical and managerial implications.

5.1. Main Conclusions

This study aimed at discovering companies' perceptions of packaging and the role of packaging within brand management of FMCG food companies. Two frameworks, that were not directly connected, were used to discuss the role of packaging from various angles, namely the packaging hierarchy and the ideal packaging development process of Hise and McNeal (1988). These frameworks enabled to give a more complete understanding of the role of packaging in brand management.

Packaging was analysed on various levels that indicated the role of packaging. These levels reflected the involvement of packaging within brand management. When protection is the only function of a package, the involvement of packaging within brand management was ranked at the lowest level within the packaging hierarchy. This implies that there is no connection between branding and packaging. The package only protects the product in the supply chain. A higher level indicated that packaging was considered more influential in brand building for a company. The role of packaging could then be seen as a marketing tool; used as a form of advertising and promotion of the brand and the product it contains. In these higher levels, packaging transmits, together with other elements in the marketing mix, the brand identity towards the consumer. In this way, the consumer can form a brand image about the brand. On the highest level, the package becomes the signature of the brand, implying that the package is immediately associated with the brand and even that the brand cannot exist without the package. A unique and iconic package, that has a high level of recognition among consumers and stands out on the shelf, can create a high brand equity. This high brand equity can consequently lead to increased profit for the company.

The study also revealed that companies consider protection as a basic requirement, facilitating product transportation through the supply chain. However, since protection exists in different packaging, the package is chosen on basis of its effectiveness as a marketing tool, aiming to differentiate their products and brands on the shelf. This implies that most companies are at least on the second level of the packaging hierarchy. However, packaging is often not equal to the brand. Many companies express that they desire to climb up the hierarchy to the third level. This tendency is driven by several elements, such as increasing competition for shelf space, more decisions taken in-store by consumers, and difficulties to reach the target group via diverse media. The retail store is therefore the only certain place to reach the consumer. In order to stand out on the shelf and appeal to the consumer packaging should be attractive and create excitement. Moreover, a distinctive and unique packaging can increase brand equity.

The customer-based brand equity model was used to evaluate and to analyse how companies use packaging to build up strong brands. The pyramid revealed that companies seem to apply packaging in all brand building blocks. However, whether all companies reach the top of the pyramid is still unclear.

Hise and McNeal (1988) already emphasised that it would be beneficial for companies to integrate the product and its package in one development process. The interviews showed that packaging is integrated in various departments, and decisions about packaging are often taken together with product and brand decisions. This implies that the ideal packaging development process, which develops packaging in isolation from brand and product, is not accurate anymore. A holistic approach, integrating product, packaging and branding seems to be more appropriate for current business practices of FMCG food companies. It became clear that FMCG companies aim to differentiate their products and brands on the shelf and a possible approach to this challenge is to create innovative "concepts" for different consumption moments. A model identifying a desired process of concept development was generated, integrating product, package and brand development. The model indicates that all concept decisions should be taken simultaneously instead of sequential to reach optimal timesaving benefits and a reduction in concept development costs. The model indicates that all concept decisions should be taken simultaneously instead of sequential to reach optimal timesaving benefits and a reduction in concept development costs. However, packaging is highly fragmented in terms of managerial responsibility. This implies that a stronger interaction is needed between the different involved departments in order to fully benefit of the desired concept development process.

In the discussion, it became clear how insights about building brand equity could be used in the concept development process. A model combining the desired process of concept development and the customer-based brand equity pyramid was generated. The model integrates product, package and brand development, and suggest in which phases the different blocks of the consumer-based brand equity pyramid are applicable. The model can also help in creating structure around the product and package decisions as well as how to build strong brands.

The study showed that the role of packaging is increasing in importance. It became clear that among the FMCG companies interviewed, packaging plays most often a role as a marketing tool. This implies that FMCG companies not yet fully exploit the potential of packaging as a branding tool.

In the future, more differentiation is possible and expected. The role of packaging seems to continue to increase in the future, especially since technology offers more opportunities to produce different shapes and textures of packages.

This study has several theoretical and managerial implications. The theoretical implication is that a start has been made to structurally measure the role of packaging within brand management. Future research can further develop the exact role of packaging and develop a framework for how the concept development process could be integrated with Keller's (2003) customer based brand equity pyramid. This is necessary, since as this study has shown, for FMCG companies building brand equity is not only about brands, but also about product and packaging, integrated in a concept.

The developed desirable concept development process is an overview of how companies would like to work with packaging. This framework can help managers to structure their packaging, product and branding activities. The combined concept & brand equity model is a first attempt to see how a concept development process could be integrated with a brand equity model. This model then could be used as a tool to structure and integrate existing brand building activities together with concept development.

5.2. Future Research

The research conducted during in this paper is regarded as a first step towards developing an understanding of the interaction between packaging and branding from a companies' perspective. However, since this research is of a qualitative nature, no generalisations about FMCG companies can be made. Therefore, a quantitative study is needed in order to test the desired concept development process model statistically. The factors identified in the model should be tested separately and as a complete model in order determine the importance of each factor separately, and the validity of the complete model. If the overall model is valid, then it would be interesting to examine whether the model is applicable to other industries and markets or whether modifications are needed.

Another interesting proposal would be to investigate the interaction between the retailer, food manufacturer and packaging producer in the concept development process. It is meaningful to investigate to which extent these three stakeholders in the supply chain of food are integrated and share common views.

Studying packaging and brand management from other perspectives, for instance the retailer, would be another potential research. What does it mean for the retailer that FMCG companies are moving towards the level of packaging is branding? Private labels could be considered to bring an additional dimension to this future research.

Within the packaging hierarchy, different levels were defined. Applying these levels to other FMCG categories would be another aspect to highlight. Furthermore, investigating the ultimate level in the packaging hierarchy for different FMCG categories could be of interest.

The function of packaging extensions, which were introduced in this paper, and their potential as a brand strategy could be explored, as well as its position compared to other brand strategies, like line and brand extensions.

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Stenson, Charlotte – Löfbergs Lila (2007-05-11)

Industry Experts

Bickerstaffe, Jane – The Industry Council for Packaging and the Environment (INCPEN) (2007-04-24)

Gersbro, Per-Stefan – International Packaging Institute (IPI) (2007-05-04)

Olsmats, Carl – World Packaging Organisation (WPO) (2007-04-18)

Olsson, Annika – Lund University Packaging Logistics Division of Department of Design Sciences (2007-04-17)

Wildt, Chris and Fullwood, Richard – Å&R Carton (2007-05-10)

7. APPENDICES

APPENDIX A

FOOD PACKAGING STUDY

Lund, April 2007

Subject: Invitation to participate in research about food packaging

Dear Sir/Madam,

We are three students of the Master programme International Marketing and Brand Management of Lund University. Currently we write a Masters thesis on the topic "food packaging".

This research aims at identifying the importance of food packaging from different perspectives. The goal of the thesis is to provide insights in how packaging is perceived by different stakeholders and how it can be used as an effective marketing tool. In order to achieve the best possible results, we kindly ask you to participate in this research.

To reveal the importance of packaging, several in-depth interviews will be conducted on the subject of packaging in the FMCG marketing mix. The interview will last for about one hour. To ensure high-quality research, the project will be supervised by an assistant professor and a PhD student of the University of Lund, namely J. Anselmsson and N. Persson.

The findings of the study can be communicated to you by means of a report. This implies this research will be beneficial for both parties.

We hope that we have aroused your interest for this study project, and that you are willing to participate.

Thanking you in anticipation.

Yours sincerely

D. M. Gawek   packaging.research@gmail.com
N. A. van der Pauw
A-F. Wijgerse
Students Lund University

Under supervision of:

J. Anselmsson
N. Persson
Lund University

APPENDIX B

Companies interviewed:

FERRERO

Ferrero is an Italian manufacturer of chocolate and other confectionery products. The company has more then 19.000 employees. Ferrero is a family owned company. It is one of the largest confectionery companies in the world. Some of their key driver brands are Ferrero Rocher, Mon Chéri, Tic Tac, Kinder Chocolate and Nutella.

One of the brand managers responsible for the brand Nutella is interviewed, but preferred to stay anonymous. The brand manager interviewed is responsible for the promotional packaging and analysing the key performance indicators of the brand.

frieslandfoods

Friesland Foods is a multinational company that develops, produces and sells natural, nutritional and dairy products, fruit-based drinks and ingredients. Friesland Foods offers a wide range of products in over 100 countries. On a global scale, they have 15.300 employees. Their revenue was 4.7 billion euros in 2006. Some of their key driver brands are Chocomel, Coolbest, Fristi, Dubbel Frisss, Extran.

Johan Priem is a member of the Board of Management of Friesland Foods since 1997 and has many years of experience with food packaging. He is responsible for Friesland Foods Central Europe, Friesland Foods Hellas, Friesland Foods Romania and Friesland Foods Western Europe. Further Johan Priem is responsible of Corporate Marketing, Corporate Research & Technology and Enhanced Nutrition Specialist Unit. He has years of experience with food packaging.

KERRY

Kerry Group is a leader in global food ingredients and flavours markets, and a leading branded consumer foods processing and marketing organisation in selected EU markets. Kerrry Group has achieved sustained profitable growth with current annualised sales in excess of €4 billion. They employ around 20.000 people across Europe, North America, South America, Australia, New Zealand and Asian markets. Kerry Group supplies over 10,000 food, food ingredients and flavour products to customers in more than 140 countries worldwide.

Sara Gardner is responsible for Category Development entailing brand management for cake mixes and flour (Homepride). Her previous role was within customer marketing.

Löfbergs Lila AB is a part of the family company AB Anders Löfbergs Kaffegrupp. The business was founded in 1906 and is now one of the biggest coffee roasters in the Nordic region. The company is one of Europe's biggest importers of organic and Fair Trade-labelled raw coffee. The coffee group has a turnover of around SEK 1 billion and they have around 200 employees.

Charlotte Stenson is Innovation and Product manager at Löfbergs Lila AB and has been working for 3 years with packaging. She is mainly responsible for the product life cycle.

Unilever is a global market leader in all Food categories, Skin and Deodorants categories in which they operate and hold strong positions in other Home and Personal Care categories. In 2005 Unilever's worldwide turnover was 40 billion euros. They employ 179 000 people in around 100 countries worldwide. Some of their key driver brands are Knorr, Lipton, Bertolli, Blueband, Cif, Omo, Dove, Calve Axe, Rexona and Sunsilk.

Rob Hyde is the Packaging Group Leader of Europe. He leads five food packaging groups within Europe. His team is responsible for the spreads, cooking, and dressing products.

Royal Wessanen NV is a multinational food corporation based in the Netherlands. They produce and distribute natural and speciality food products in North America and Europe. They have two product streams, namely Health and Premium Taste foods. Wessanen had an annual turnover of nearly €1.5 billion and generated a net profit of 32 million in 2006. The companies employs 6113 people worldwide, of which more than 50% is employed in North America.

Lex de Rooi is Senior Vice President Marketing Communication at Wessanen and is globally responsible for the design and branding aspects of packaging.

Industry Experts interviewed:

The Industry Council for Packaging and the Environment (INCPEN) is a research organisation, which draws together a group of companies with common interest in packaging and sustainability. They encourage industry to minimise the environmental impact of packaging and packaged goods and continuously improve packaging. Their members include raw material suppliers, packaging manufacturers, manufacturers, wholesalers and retailers of packaged goods. Some of their well-know members are Coca Cola, Unilever, Proctor & Gamble, Tetra Pak, The Gillette Company, Nestlé. Duracell etc. INCPEN provides their members with support services like packaging development consultancy, analysis of developments, updates on European packaging legislation etc.

Jane Bickerstaffe is the director of INCPEN. She has a biochemistry background.

International Packaging Institute

The IPI International Packaging Institute is a registered society and is supported by members and sponsors. It is the only international center for lightweight primary packaging. IPI is involved in international research programs investigating technologies and processes which may have an impact on the packaging and packaging industry. One of their objectives is to train qualified managers for the international packaging industry. Further they offer technology and strategic consulting.

Per-Stefan Gersbro is part of the IPI team and is responsible for Business Development. He has more than 25 years experience in the international FMCG market, focusing on the food & drink and consumer packaging perspective. Further Per-Stefan Gersbro has his own consulting company, named Paccedo, where consulting services are offered in strategic planning, business plans and innovation within the FMCG industry.

Lund University Packaging Logistics is a Division in the Department of Design Sciences. Packaging Logistics strive to be at the forefront of packaging-related research and education, and to provide an important reference for universities and industry. Packaging Logistics covers the design of a product, its package and packing, the adaptation and control of the distribution system and the administrative and information systems associated with the processes throughout the whole chain.

Annika Olsson is a researcher and Assistant Professor at the Lund University Packaging Logistics since 2000. Her main research area is the transformation from product and production orientation to customer orientation in product and service development, with a special focus on the packaging industry. Further she has an industrial background with Tetra Pak, where she worked as a product manager.

The World Packaging Organisation (WPO) is a non-profit, non-governmental international federation of national packaging institutes, regional packaging federations and other parties including individuals, corporations and trade associations. The WPO encourages the development of packaging technology; contributes to the development of international trade and stimulates education and training in packaging.

Carl Olsmats is the General Secretary of the WPO. He has 16 years of experience within food packaging, working as a researcher for Packforsk.

Å&R Carton is a leading European provider of folding cartons and packaging machinery solutions. The company has 14 production facilities throughout the West-East and Nordic regions of Europe. They employ around 1800 people and have a turnover of 300 million euros. Å&R Carton's product portfolio covers a wide range of market segments such as Fresh Food, Frozen Food, Confectionery, Fast Food, Beer & Beverages, Tobacco and Non Food.

Chris Wildt is the General Manager of the Cekacan Department and has many years experience with food packaging. Chris Wildt's function is to bring the organisation together and is responsible for the packaging machinery contracts.

Richard Fullwood is Components Supply Manager Cekacan, handling the supply-side and the materials to the customers.

APPENDIX C1

INTERVIEW QUESTIONS FMCG COMPANIES

1. General

a) What kind of experience do you have with food packaging?

b) Can you tell us a bit more about your function within the company?

2. Packaging decisions

a) Who is responsible for packaging design at your company, in terms of purchasing and choosing design etc? And which departments are involved in packaging decisions?

b) On what stage of product development are packaging decisions taken? Early in the product/brand development process or as the last decision before launch?

c) Is the package designed by your company or is it outsourced?

d) Is market research done before choosing the package?

e) Are your suppliers of packaging materials involved in packaging decisions?

f) Is your company depending on current suppliers for new packaging solutions?

g) Do you consider the retailer when choosing packaging?

h) What is the procedure before a new package is launched on the target market?

i) Do you consider logistical implications when choosing a package?

j) If testing is done, what kind of testing is done before a package is launched?

k) Are there any legislations/standardisations you consider when choosing packaging?

3. Packaging

a) Has the package of your brand changed over the years? And why?

b) What are reasons for changing existing packaging?

c) What percentage of the marketing budget is spent on packaging? And what percentage of the budget is spent on other elements of the marketing mix?

d) How much does a package cost regarding the total costs of a product?

e) Is the consumer directly paying for packaging or is the margin on the product lowered when introducing more expensive packaging?

f) Is there a special budget for packaging within the company?

g) According to you, what are good criteria for choosing/evaluating different packages?

4. Perception of packaging

a) According to you, is packaging part of the product or a non-product related attribute?

b) Has the importance of packaging changed over the years?

c) What role do you think packaging plays within the market communication?

d) What is the importance of packaging compared to the other elements of the marketing mix?

e) Can you give an example of a product where packaging has been very important?

f) According to you, what is the most important function of a package? Convenience, protection, creating attention?

g) Can you indicate in the model below where your company is positioned regarding packaging?

No Connection Between Brand and Packaging	Brand Positioning Communicated by 4 P's	Brand Identity

5. Branding

a) How does your company position its brands?

b) Does packaging help when positioning a brand?

c) Has your company ever repositioned its brands through packaging?

d) Do you believe packaging can create a competitive advantage?

e) How do you use packaging when building your brands?

f) Which element of the marketing mix is the most important when building your brand?

g) How would you describe a successful packaging solution, in terms of how it contributes to building FMCG product brand?

6. Future of packaging

a) What kind of function do you think packaging will play in the future?

b) How do you see the role of packaging within your company in the future?

c) Will packaging in general grow in importance?

Thank you for your participation!

Do you have any further contacts that may be useful and might help us for our research?

APPENDIX C2

INTERVIEW QUESTIONS ASSOCIATIONS

1. General

a) What kind of experience do you have with food packaging?

b) Can you tell us a bit more about your function within the organization?

c) What is the most common advise that your organization gives to its members about packaging?

2. Development of packaging

a) According to you, is packaging part of the product or a non-product related attribute?

b) Has the role of packaging changed over the years?

c) Does the importance of packaging differ significantly between different industries?

3. Food packaging

a) According to you, what is the most important function of a package? Convenience, protection, creating attention?

b) According to you, what are good criteria for choosing/evaluating different food packages?

c) Do FMCG companies consider logistical implications when choosing a package?

d) What role do you think packaging plays within the market communication?

e) What is the importance of packaging in comparison to the other elements of the marketing mix?

f) What are reasons for changing existing packaging?

g) Can you give an example of a product where packaging has been very important?

h) Do you think packaging testing is necessary? What kind of testing is mostly done by FMCG companies and what testing is done by packaging companies?

i) How are FMCG companies dealing and should be dealing with packaging within the marketing mix?

j) Do you have insights in what kind of role the retailer plays in packaging decisions of FMCG companies?

k) Can you indicate in the model below where, according to you, most FMCG companies are positioned regarding packaging?

No Connection Between
Brand and Packaging

Brand Positioning
Communicated by 4 P's

Brand Identity

4. Branding

a) Does packaging help when positioning a brand?

b) Do you have examples of companies that ever repositioned their brands by changing packaging?

c) Do you believe packaging can create a competitive advantage?

d) How do FMCG companies use packaging when building brands?

e) Which element of the marketing mix is the most important when building your brand?

f) How would you describe a successful packaging solution, in terms of how it contributes to building a FMCG brand?

5. Future of packaging

a) What kind of function do you think packaging will play in the future?

b) How do you see the role of your organization in the future?

c) Will packaging in general grow in importance?

Thank you for your participation!

Do you have any further contacts that may be useful and might help us for our research?