



FNQ

FOOD INCUBATOR

CREATE | INNOVATE | ACCELERATE

MODULE 7

Building A Successful Food Brand

Branding & Product Development

This module is concerned with what brands are, how they are created and what they do. The module considers how new brands and products are developed. Strong evidence from data-driven research over many years tells us that the key to marketing effectiveness is improving a product, place or thing's physical and mental availability. In regards to growing brands, research can guide us and demonstrate that a mark or logo is only one very basic (but important) part of the picture. To grow a brand in the minds of current and potential customers, we need more people to notice or recall Australian food and agricultural products (i.e. increase our mental availability for those in the market) and have our products and services widely available for consumption (physical availability).

On successful completion of this module you will be able to:

Branding

- Understand what a brand is and how branding works
- Understand the process and importance of developing a brand and how to measure its value
- Identify and evaluate popular branding strategies and brand positioning

New Product Development (NPD)

- Defining New Product Development
- Outline the stages in developing new products
- Product Life Cycle Stages
- Understand the factors that affect the rate of diffusion and consumer adoption of new products

EXERCISE 1

Consider A Product You Are Familiar With

- How aware are consumers of your brand? Where does your brand 'sit' in the market? Is it big, small, niche, or are you new to the game? How is it positioned?
- How well is it entrenched in the mind of the consumer? People can't buy if they can't think of you (quickly or positively) in a purchase situation.
- What is your brand image? What associations do people link to your brand that helps them to remember who you are and why they should buy you?
- Are you refreshing the mental structures (those associated links) that define your brand?
- Is your brand available both mentally and physically to as many potential consumers as possible? Or are you missing potential consumers?



PRODUCT VS BRAND

A product is something that is made in a factory, grown on a farm or caught in the ocean; a brand is something that is bought by a customer. A product can be copied or sold in equal form by a competitor; a brand is unique. A product can be quickly out-dated or its market quickly saturated; a successful brand can stand the test of time. Think Coke (a strange black fizzy drink, a cola, made by hundreds of other companies); think John West, and the list goes on.

This module is all about how food and agribusiness manufacturers must understand the power and advantage of the brand (it's not as easy as it first seems, particularly in the food business).

Why do we (consumers) need them?

Customers:

- Have too much choice;
- Have too little time;
- Are too lazy to do a full information search, evaluation of alternatives; and
- Are reassured of quality from past experience, especially for intangible items.

Brands make our lives easier! (they save time, minimise risk, simplify choice).

Why do manufacturers and the industry need them?

Producers and retailers have:

- To identify the maker;
- Simplify product handling and distribution demarcation;
- Be aware of legal issues and protection of IP (copyright and patent infringement);
- Create barriers for competitors who want to copy their success; and
- Establish ongoing relationships with the customers.

So brands are vital for manufacturers, just as they are for consumers.

PRODUCT VS BRAND

A product is something that is made in a factory, grown on a farm or caught in the ocean; a brand is something that is bought by a customer. A product can be copied or sold in equal form by a competitor; a brand is unique. A product can be quickly out-dated or its market quickly saturated; a successful brand can stand the test of time. Think Coke (a strange black fizzy drink, a cola, made by hundreds of other companies); think John West, and the list goes on.

This module is all about how food and agribusiness manufacturers must understand the power and advantage of the brand (it's not as easy as it first seems, particularly in the food business).

Why do we (consumers) need them?

Customers:

- Have too much choice;
- Have too little time;
- Are too lazy to do a full information search, evaluation of alternatives; and
- Are reassured of quality from past experience, especially for intangible items.

Brands make our lives easier! (they save time, minimise risk, simplify choice).

Why do manufacturers and the industry need them?

Producers and retailers have:

- To identify the maker;
- Simplify product handling and distribution demarcation;
- Be aware of legal issues and protection of IP (copyright and patent infringement);
- Create barriers for competitors who want to copy their success; and
- Establish ongoing relationships with the customers.

So brands are vital for manufacturers, just as they are for consumers.

The top image below is a range of **brands** you should be very familiar with from the food industry!

The bottom image below is a range of **products** made by those brands!



PART 3

Private Labels (Supermarket Brands)

We covered private label products (or supermarket home brands) in Module 5 when we looked at retailing. Private label (PL) products have become a very big issue in the Australian (and global) retailing scene, particularly in the past 5-10 years. PLs are brands too, it's just that their brand is an umbrella-brand which represents the store in which they are sold and whose store brand they are marked with. They compete directly with the 'traditional' brands we have grown up with. Once simply considered generic products (Home Brand or Black and Gold) of the lowest quality and the simplest packaging indicating their supermarket origin and their budget nature, they are now highly sophisticated competitors that come in a variety of formats, from budget through to premium, that look, taste and feel almost identical to the 'known' brand offerings, but generally with a significant price advantage.

Here are some examples of just how pervasive and intense the brand vs PL battle has become in the Australian market.



Supermarkets are aiming to capture market share from those well known label/premium brands and increase their overall market share from roughly 20%, up to a huge 50% (depending on the category) by 2020. This represents billions in extra revenue for the supermarkets, with the added ability of supermarkets being able to exert more influence over the margins of name brands. Because the financial viability of name brands depends on maintaining generous profit margins if they are adversely impacted on, entire product lines can come under threat.

Profit drives investment in new product and technological development, therefore if name brand companies are not able to invest in new production technologies, premium product ingredients and the marketing that helps make their brands distinctive from others, they are at serious risk of failure.

This makes the need to develop and grow strong and successful brands more important than ever for the individual producer and non—generic brand producing companies.



- Read the article below about Vegemite’s strength as a brand and the impact this has had on retailers private label versions.
- What do you think the future is for PL and non-PL brands in Australia?
- Can you think of any strategies to help brands to overcome the oligopoly power of the major retail chains (the articles should give you some hints)





CAN'T TOUCH THIS:

VEGEMITE TOO STRONG FOR THE PRIVATE LABEL CLONES

The Vegemite spinoff, Cheesybite, from several years ago may have been a flop, but there is no getting around the fact that Vegemite continues to be a roaring success in the Australian market.

Suppliers everywhere are feeling the squeeze as retailers slash their prices and grow their private label brands, but so far Vegemite remains untouchable by private label and imitation products. There's a private label version of just about every product these days in Coles and Woolworths, but neither company will mess with Vegemite. Even Aldi appears to have refrained from copy-cat packaging its own similar product – a popular tactic by the company.

The much loved Australian yeast paste is still consumed in 80 per cent of Australian households, says a spokesman for Mondelez International (formerly Kraft Foods), the company that produces Vegemite in Australia.

“There is almost a perfect correlation between Vegemite jar sales and population growth in Australia that we've plotted over the years”, a spokesman told BRW.

According to The Australian Financial Review, Mondelez produces 22 million jars of Vegemite every year from its Port Melbourne Factory. The spokesman confirmed with BRW its profits were “stable”, helping to contribute to the American company's 64 per cent leap in the net profit for its Australian operations in the 12 months to December 2012, to \$74.9 million.

Mondelez didn't want to be drawn into a debate about private labels and price cuts, with the spokesman saying: “Our broader company philosophy has been mutuality with retailers and long-term contracts.”

Even Aldi's blatant rip off “Brekkie Mite” would fail to worry the supplier – particularly has Mondelez has been selling Vegemite at Aldi stores for years.

There are a few very good reasons why Vegemite has continued to keep its market share in the 90 years since it was first developed.

AUSTRALIA'S HONEY.

Voted Australia's favourite brand in 2006.





PRODUCT DEVELOPMENT AND CONSUMER ANALYTICS

While Vegemite is one of the few brands Mondalez can't change too much, it can innovate in the way it interacts with customers, it claims. For example, by using consumer insights, the company has discovered it is the empty-nesters who stop buying Vegemite. "It is perceived as a child's product and there has been a tendency to not put it on the shopping list until grandkids come along." Now the supplier is building campaigns around making Vegemite relevant for those of any age. Vegemite, but that's another story. Walker's determination to make Vegemite an Australian food icon through the '20s and '30s eventually paid off.

FIRST-GENERATION AUSTRALIANS LOVE IT

Vegemite stands to at least hold onto its growth, given the take-up rate among new Australians.

"There was this myth that new Australians didn't love Vegemite, but our research has proved that wrong. In fact, new Australians or first-generation Australians are great adopters of Vegemite."

SYNONYMOUS WITH AUSTRALIA

Vegemite has been marketed so well that it has become a symbol of Australian culture. It started with that infectious television jingle "Happy Little Vegemites". The revival of the commercial several years ago reminded consumers that it had become an icon brand. Even during World War II, advertisements were put up with the slogan "Vegemite: Keeping fight men fighting fit".

NAME THE SPREAD

Arguably, even the Cheesybite or iSnack 2.0 debacle helped Vegemite's image by reminding people how much they preferred the original. Just as the Fred Walker Company – which later became the Kraft Food Company – hatched a plan to have Australians publicly name the yeast spread, the public was asked to get involved in naming the new Vegemite. It was, in the end, Fred Walker's daughter who came up with Vegemite, but that's another story. Walker's determination to make Vegemite an Australian food icon through the '20s and '30s eventually paid off.



Brands are vital to both consumers and producers. But how are these brands generated and maintained? How do you brand a product like a fish or a chicken? Although marketing departments and producers provide the drive for brand creation through their promotional programs and other activities, ultimately, a “brand” is an intangible entity with intrinsic and or monetary value that resides exclusively in the minds of consumers.

This is the process of giving a product a label, making it distinct from other products that may be functionally similar or even the same, and giving it meaning through attributes imbued in the brand. It’s a process of telling the consumer this is what our (the brand’s) product can do for you, and why it’s different from the same product with different brand labels and why you should buy this product over another.

The key to branding is a psychological one. The branding process creates a mental map or an interconnected web of information that helps consumers arrange their knowledge about goods (like the superior quality Australian beef or salmon over cheaper imports due to shorter handling times and shorter distance from producer to store) and services (like the sustainability monitoring of Australian fishery bodies and hygiene practices of our processing plants in comparison to those of other countries). The organisation and categorisation of such information streamlines the consumer’s ability to make decisions. This process provides tangible benefits to companies and producers – strong successful brands make more money than smaller ones and growing brand revenues increase in successive sales periods.

The key to branding is for consumers to consider brands as being distinct from each other, though they occupy the same category. These distinctions are related to both the physical or functional attributes of the product itself - information known as intrinsic cues are one distinction; such as shape, size, smell and taste (for example, Pringles chips are packaged in a tube; tasting rather different in comparison to the foil bag packaged Smith’s chips). More intangible image based concepts (extrinsic cues) are what the product represents socially to the consumer, where the product comes from (red wine from China vs Australia), and the messages about the product delivered through advertising (for example, why are organic free range eggs better than cage eggs?). Clearly, marketers have very little or no influence over the intrinsic attributes of a product, though they can be involved in helping to produce new attributes.



CASE STUDY

Fang's Chilli Sauce

The Fermented Kitchen was founded by couple; Jacob and Kristy who are striving to educate people on the importance of eating good food, balancing your gut health and improving your overall well-being.

They offer a range of tasty, mouth-watering fermented foods and drinks, all hand made and bottled right in Cairns, Far North Queensland. Their kombucha is the perfect thirst quencher and healthy 'go to' drink, jam-packed with live cultures and organic acids that help the health of your gut and mind whilst assisting in digestion and many other glorious things that will have you feeling on top of the world.

Their products are all natural, raw and unpasteurised, gluten-free and paleo friendly. Jacob and Kristy have seen a huge increase in demand and have added a range of sauerkrauts to their product range.

With the help of FNQ Food Incubator food industry experts this start-up kombucha company went from making 10 litres a week from home to 600 - 800 litres a week from the facility. They not only stock their products in 25 different health food shops, deli's, cafes and fitness centres but have also expanded their range to include sauerkraut.



Whenever and wherever consumers are deciding between alternatives, brands play an important decision-making role; the key to success here is convincing consumers that all the product offerings in the category are not the same and that meaningful differences exist. Having an understanding about how our memory works helps to show why this is so important.

Now that we are familiar with how brand information is created and stored in the mind, the next most important question is, obviously, how do we imagine it will grow? Brand growth is increased market share; however, the process of making this actually happen is not quite so simple, although the principles that underlie it are.

Here are the most important things you need to know about how brands grow. These facts may surprise (or they may not) but these three simple points are the key to brand success:

Growing market share comes directly from increasing brand popularity, that is, by having more people buying it. These customers must come from all buying classes; however, the majority of whom are light-buyers, who only buy the brand infrequently. It's hard to make people who are already buying a lot of your brand like it more and buy it more, as they already like it and buy it lots! But by slightly increasing the amount that the many light-buyers buy, you will increase your brand's popularity and aggregate sales.

Brands that are slightly differentiated (Atlantic salmon vs Tasmanian salmon), compete as if they are nearly identical, but vary widely in their level of popularity and therefore their market share. Supermarkets are all too aware of this reality (as discussed previously) as they create PL products that seem increasingly and strikingly similar to the brands we know well. Consumers see products like Coke and Pepsi, Maggi and Fantastic noodles, and Pink Lady and Gala apples as highly interchangeable products; though they may have a preference for one brand over the other. It takes consumers very little to switch to an alternative, example scenarios could include the fact that the product is unavailable, its packaging has changed or it's in a different place on the supermarket shelf to last week. It's the marketer's job to make that switch more unenticing.

Finally (and most importantly), brand growth and competition is about two market-based assets: physical and mental availability. Above all else, these are the keys to brand success (and failure). Brands that are easier to buy and are available at more outlets will sell more. Brands that are remembered with the least effort and resonate most strongly in the mind of the consumer will also sell more - even in highly homogenised markets (e.g. chicken fillets, salmon and canned tuna).



These last two concepts are so important that they require a little further explanation:

PHYSICAL AVAILABILITY

Physical availability is the ease with which a product (once activated in a consumer's mind) is accessed and/or obtained.

For example, how easy is it for a consumer to fulfill a need for a nice bottle of SA wine once they have thought about it? When looking on the shelf for wine do they see SA wines as an option? Do they know that the Barossa Valley is even located in SA? If they hear about SA from a friend as a beautiful destination, how easy (available) is it for them to visit? If we want to continue to grow the brand of South Australia and all that it encompasses, we have to attract new customers.

MENTAL AVAILABILITY

Mental availability is the ease with which a product, brand or place is noticed and/or thought of in different buying situations, be it buying wine or choosing a holiday. The level of mental availability is based on the existence of mental networks linked to a product in buyers' minds. For example, when a consumer thinks of great wine or seafood, does SA (or a SA wine region) pop into their mind? If they hear someone mention SA, do they think of great food, wine and a wonderful place they can visit? Current research funded by the Grape and Wine Research Development Corporation (GWRDC) and conducted by the Ehrenberg-Bass Institute, shows that only 54% of Chinese wine consumers can recall the Barossa Valley as a wine producing region. This means we still have a long way to go in building mental links between the strength of SA wine production capabilities and the SA state brand. It also means that we have a great opportunity to develop this type of association in the most efficient and comprehensive way.

Now that we have an idea about how brands are created, we now need to have a way of understanding how to measure the value of that brand. This brand value is often referred to as 'brand equity', and it can be measured a number of ways.

There are three prevailing measures of assessing a brand's worth: the financial view, the product view and the consumer view.

The Financial View

This is the very classical economic view of a brand's worth:

- The price that a potential buyer of a brand/company would pay minus the accumulated costs of all the tangible assets it has – such as, factories, tools, land, real estate, stock etc.
- What was paid (market capitalisation= share price x N of shares) minus the balance sheet value (replacement cost of all assets) = Brand equity.
- Usually is adopted when brand equity is being measured for the purpose of mergers and acquisitions (e.g. Westpac bought St. George, who bought BankSA; or Bendigo Bank merged with Adelaide Bank; Wesfarmers bought Coles). This usually results in an end dollar figure or ratio (i.e. the brand with higher brand equity is that which brings a greater dollar value back to the firm).

Therefore, the financial estimation of brand equity is an estimate of the future value of trading under a given brand name, and is neither tangible, fixed, nor guaranteed, and is also highly subjective (Expected return x risk).

For example, FOX (News Corp.) bought MySpace.com in 2005 for \$580m and sold it for \$35m in 2011. Here, brand equity is an estimate of the future value of trading under this brand name. As such, it is neither tangible, fixed, nor guaranteed. Accountants use tools to make estimates; these involve a lot of subjective judgment

Two companies (a buyer and seller) may compute different values, based on what they would achieve. Clearly, Fox didn't achieve much out of MySpace. This type of brand equity is based on what the buyer wants to pay. Thus, it's highly subjective.



- **Your labour:** How long does it take you to produce your product? What hourly pay rate would you like to command? Whether you produce in your own home or a purpose-built facility, you need to put a value on your time and labour. Don't be shy about putting a price on these fundamentals and evaluating yourself and your skills as a key business 'resource'.

Before you even considered launching your current product range, we're sure you diligently and carefully researched the competitive environment that you were about to enter into. Most certainly, part of that research would have involved an analysis of competitor pricing strategy.

If you've now reached a point where your business is up and running and you're struggling with the finer points of pricing decisions, now would be a great time to delve back through your initial market research notes. Look at your early research findings in relation to:

- How similar your products are to those offered by your direct and indirect competitors?
- Do you offer added benefits or features that your competitors don't? Or, is the reverse true?
- Do your competitors provide a product range that is, in some ways, more advanced or superior to yours?

Of course, no entrepreneur wants to be obsessively focused on his or her competitors. However, it's simple, but true... By recognising the prices that are supported by your competitors' customers, you'll gain a more accurate perspective in relation to the price points that will also work for you.

THE DISTRIBUTOR 30

In between the realms of the retailer and the producer, there's a third party entity that often plays an important role in the route-to-market.

Distributors act as liaisons between producers and retailers and they're frequently tasked with securing shelf space for food and beverage products. And, while the distributor takes his or her own profit 'cut', there's no reason to view the role in an unfavourable light.

It's commonplace for distributors to take a 25-30% margin. In short, this is the price you pay for their services as your 'sales representatives' in the market. Especially convenient when you don't yet have a large sales team to get out and about selling your products to retailers, the 25-30% margin can be viewed as a 'sales representation and sales management' fee.

In addition, if your business is entering a new and unfamiliar market (overseas or within a region where you've yet to make a sales impact), the distributor can be expected to use a pre-established network of contacts to your benefit.

In exchange for the distributor's share of the profits, you should hope to see an overall increase in your turnover and market reach.

So, what to know if you're considering the distributor route to market....?

Well, although some regional price fluidity is acceptable, the consumer expects to pay roughly the same price for your product no matter what store he/she buys the item in.

Product View (price-premium)

This is the most common economic approach to measuring equity in a brand; the price premium approach. That is, the ability of a brand to charge higher price than a product without its brand name (e.g. a private label). John West can (and does) charge more for canned salmon than Woolworths' Home Brand.

The product view is frequently measured in simulated choice experiments against hypothetical scenarios/brands to estimate price points and predicted market share. It is an improved approach on the financial approach, as it can determine an estimate of revenue premium. The revenue premium is the ability to charge a higher price at equal or higher sales volume to reflect, at an aggregate level, the cumulative effect of all marketing variables on the final consumer choice (meaning the researcher does not actually know specifically on an individual attribute or associative/cognitive level what the drivers are). This can be expressed in dollar figures (in an easy to communicate fashion) and can be compared to real purchase data (i.e. supermarket scanner panel).

The downside of this form of measurement (that is a favourite with economists and choice modelling analysts) is that many measures are based on hypothetical (unrealistic) scenarios of consumer choice (artificial context, restricted information) and complicated statistical methods that rely on consumer-conscious processing of all information. Processing the entirety of the information rarely occurs – how often do you give a TV ad your full and undivided attention? In addition, benchmarking brands can be hard to establish. We know that brands compete with PLs, but they draw on different associations to build their memory structures and recall activators – it's more about the store attributes than the product attributes. PLs now have multiple tiers and differ from retailer to retailer, which can confuse the consumer to compound the insights into the source of equity. Finally, such measures only give a snapshot of the current situation – i.e. if I had to choose today/right now what would I do, rather than how this could change in the future?

The product approach gives us little understanding about what individual level consumer purchase drivers are and therefore how we as marketers can affect them. That leads us to the final measure of brand equity – the one we can have most influence over.



Consumer-Based Approach

Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable, and unique brand associations in memory. This means that CBBE has two fundamental components: brand awareness and recognition.

BRAND AWARENESS

Brand awareness (recall) is the ability to retrieve brands in a particular category from memory. What tinned tuna brands do you know? The order in which your brand comes to mind is an indicator of the recall measure and is usually an indicator of the average usage or likelihood of brand usage for many people

Brand awareness is the strength of the brand node or trace in memory, as reflected by the consumer's ability to recall or recognise the brand under different conditions. As an example - How strong is the link between the category and brand name of McDonald's and hamburgers or fast food?

RECOGNITION

Recognition is the ability of the consumer to confirm prior exposure to a brand when prompted (e.g. are you aware of this brand?). The percentage of people who recognise the brand is a measure of its salience or mental availability. If people can't recognise the brand when prompted, it's unlikely that they will consider buying it in a purchase situation.

Creating a brand image is about developing marketing programs which promote the linkage of strong, favourable and unique associations to a brand in the consumer's mind. How and why these associations are formed, from a CBBE perspective, does not matter; what matters is simply that the association is strong, favourable and unique.

Therefore, the network of associations that a consumer forms about a brand can come from a variety of sources; not just marketing campaigns (i.e. product trial, word of mouth, consumer reports, news stories etc.). Therefore, marketers have to recognise these other sources of associative development by managing them as best they can (e.g. PR) and designing campaigns which adequately account for these sources of association in developing campaigns.



The more deeply a consumer thinks about product information and can relate it to their existing brand knowledge, the stronger the associations will be linked to the brand. Marketers have to create and nurture favourable associations by convincing consumers that a brand satisfies their needs and wants the 'best', or most efficiently, in such a way that collectively they form an overall positive brand judgment. This means, the associations which are desirable to consumers – such as convenience, reliability, effectiveness and efficiency – are delivered by the product (it does what it says it's going to do!).

Strong associations to a brand within a category are critical to its success. But unless there are no other brands in the category, it's likely that some of these associations will (at least in part), be shared by other brands. Therefore the key for marketers is to create a distinction between brands by providing consumers a compelling reason why they should buy one product over the other. That is, they must either do this explicitly (directly compare their product's attributes to another brand's, i.e. its tuna chunks are larger than the competitor's) or implicitly (infer their product is better on a less tangible level, i.e. it's for a more discerning consumer). In either case, the development of a strong and unique position is one of a marketer's key roles – and vital for CBBE.

So what does this form of brand equity measurement and development mean? Unlike the financial and product based methods we mentioned, it means that the real value of the brand actually resides in the mind of the consumer. Therefore, understanding the mind of the consumer is the key to marketers valuing and understanding brand equity, and how do we understand what is in the mind of the consumer? Through research!



Positioning is the act of designing the company's products and services and defining an image to occupy a distinctive place in the mind of the target consumer. The goal is to locate the brand in the consumer's mind with the aim of maximising the potential benefits to the company or producer.

A well-positioned brand helps guide optimum marketing strategy, such as through the use of Integrated Marketing Communications (IMC), as we will see in the next module. Positioning clarifies the brand's 'essence' or key attributes, what goals and needs the brand can fulfill to help to satisfy the consumer, and where the product 'sits' in its particular market. The purpose of positioning is to successfully create a customer-focused value proposition – something that a consumer needs or wants and for you (the marketer) to make the 'why' choice obvious.

EXAMPLES OF VALUE PROPOSITION

Company & Product	Target Customer	Key Benefits	Price	Value Proposition
Perdue (chicken)	Quality conscious consumers of chicken	Tenderness	10% premium	more tender golden chicken at a moderate premium price
Volvo (station wagon)	Safety conscious upscale families	Durability & safety	20% premium	The safest, most durable wagon in which your family can ride
Domino's (pizza)	Convenience minded pizza lovers	Delivery speed & good quality	15% premium	A good hot pizza, delivered promptly at your door, at a moderate price

Naming and branding your business should be one of your top priorities. Before you jump in the deep end by meeting with ingredient suppliers or scheduling appointments with prospective retail buyers, you need to get your foundations right.

Food business is a tough profession to break into so we're talking about a need for absolute rock solid foundations. Without a strong name and a strong brand you'll have very little in terms of bedrock to build upon. But don't sweat it – like so many marketing problems that seem insurmountable, a breakdown of the issues at stake and can make the complex seem readily achievable!

WHAT'S IN A NAME? WHAT'S IN A BRAND?

As an entrepreneur in the early stages of your business, there's so much you want to communicate to your target market; you want your brand name and the way your product or product range is represented to hit the mark in terms of the 'feel' of your business; you're eager for your business to have 'heart and soul' and to truly reflect the nature of the enterprise you're about to launch. Plus, you want to stand out from the crowd.

However, you don't want to spend six months thinking about the precisely correct classification. It's time to kick-start your business and the absence of a name is holding you back.

GETTING STARTED...

When advising fledgling businesses that are struggling to identify the right name for their business, we begin by sharing our handy five-point-plan – a quick blueprint to uncover the right name for your business.

It's important to remember that the very best starting point to choosing a name is a DIY audit of your product and its benefits.

Get out your pen and paper and start reviewing the advantages your product or product range offers your customers. Review the needs of the target market; think about the mood or tone you'd like to project (e.g. lighthearted, effervescent and whimsical or no-nonsense, sincere and traditional etc.) and how this aspect of your brand may influence the name choice.

With your notes (and your marketing priorities) in order, you should have a slightly clearer perspective in relation to potential name preferences. Now, it's time for those five easy steps we referred to!

While not a comprehensive strategy, we're confident this 5-point plan of action should move you as close as possible to narrowing down the ideal brand name!

Step 1: Imply your product's benefits and traits

A great product name will do more than roll off the tongue with a pleasurable sound. Pretty, attractive names are a must, but the name should still convey a depth of meaning.

Test-drive a shortlist of names. To do this, why not get a small group of friends and family members together for an informal focus group session?

Discover their thoughts, reactions and associations in relation to the names you're considering. What do the shortlisted names connote in the minds of your focus group members?

Probe their opinions by way of an anonymous survey – their anonymity may ensure more honest, forthright (and therefore more worthwhile) feedback.

TIP:

Create a welcoming atmosphere at your family/friends focus group session - offer tempting food and snacks, as well as wine, beer and soft drinks. The more pleasurable the focus group experience, the less likely your invitees will be to rush away with mumbled excuses of busy schedules and urgent appointments. The longer your guests stay to elaborate on their viewpoints, the better the data you'll gather!

Probe their opinions by way of an anonymous survey – their anonymity may ensure more honest, forthright (and therefore more worthwhile) feedback.

Step 2: Ensure your chosen brand name is legally secure and legally defensible

Nobody wants to launch their business with elaborate fanfare only to discover that the brand name they've selected is about to encounter legal difficulties.

Unfortunately, it does happen. Packaging labels are printed, marketing brochures are published, the website is built, social media profiles are established.... Subsequently, the entrepreneur launching the new food business is suddenly confronted with legal correspondence warning him/her to cease using the brand name in question.

Nobody wants to launch their business with elaborate fanfare only to discover that the brand name they've selected is about to encounter legal difficulties. .

Unfortunately, it does happen. Packaging labels are printed, marketing brochures are published, the website is built, social media profiles are established.... Subsequently, the entrepreneur launching the new food business is suddenly confronted with legal correspondence warning him/her to cease using the brand name in question

We've seen this happen to rookie entrepreneurs more than once. Trust us, it's not an ordeal you want to go through! In fact, it's the type of knock-back that only the most resilient of business people can sustain.

To avoid legal challenges, it's vital to start off with a brand name that's indisputably and unquestionably yours. If in doubt, seek professional legal advice in relation to trademarking your brand name. Even if it's a pricey undertaking, concrete legal guidance will save you money in the long term – not to mention the torment and heartache of parting ways with your cherished brand name, abandoning your initial marketing efforts and re-starting your naming strategy from absolute scratch..

Step 3A: Avoid being lost in translation

Unless you are actively seeking infamy, you'll need to be extremely astute when it comes to how your brand name translates into other languages.

You don't particularly want the ignominy of being spotlighted in any of the 'epic marketing fails' articles that regularly grace business magazines, blogs and newspaper supplements.

So, in order to avoid notoriety, be super-cautious when investigating the potential for your chosen brand name to be interpreted in a less than flattering light in foreign markets or by non-English-speakers in your home market territory

Step 3B: Avoid suggestive alternate meanings!

Do your research properly; check for double meanings, even in your native language. For example, ask yourself if there are any emerging slang terms in your native tongue that might conflict with your brand credentials.

Remember that language is constantly changing and the most innocuous words or terms used in your brand name could be 'street slang' or little-known naughty expressions that are about to hit the mainstream.

Play it safe by exhaustively Googling your proposed brand name (and any associated abbreviations). Also try Urban Dictionary or similar websites that provide an insight into the rising popularity of certain slang terms.

Of course, the FNO Food Incubator has dealt with plenty of business-owners who relish a good double entendre! Perhaps, it suits the tone of your brand to be slightly risqué – if so, go right ahead and enjoy the very-much-intended wordplay!

Step 4: Effortless Recognition

It should go without saying: the easier to remember and recall a brand name, the more powerful your brand.

Incorporating easy-to-say, recognisable and distinctive language is a must. Terminology should also fit with a style that 'speaks' to your target audience.

Plus a note to those who opt for so-called 'clever' names: remember, if your brand name is so clever that no one 'gets it' (or needs to be explained in detail) then you may need to re-think your game plan!

Step 5: Avoid suggestive alternate meanings!

Descriptive wording should be evocative enough to allude to your product's benefits and pique the interest of those you're trying to sell to.

Will your proposed brand name be compelling enough to spark an immediate interest among key retail buyers and members of your target market?

What's more, will the tone of your brand name be thoughtful and striking enough to reflect the overall mood and character of the branding experience you're trying to create?

Perhaps it's time to play some simple word association games with your focus group – it's a good idea to use your focus group to probe the general effects and connotations of brand wording on potential customers!

The Brand Model shown here is a summary of where your brand sits in the category from the consumers point of view. It distils down to what your brand stands for at its core - its DNA. It is vital to complete the exercise to identify what makes your brand different from competitors and how it connects with consumers.

HOW TO COMPLETE THE BRAND MODEL

The brand model is split into two hemispheres - rational and emotional.

The rational side looks at product attributes, product performance, facts, pricing, packaging cues, taste, dimensions, product story.

The emotional side is how it makes me feel, what deep human needs it serves, imagery, personality relationship with the brand, what kind of person chooses the brand (target).

There are a number of ways of completing this:

- Asking consumers in focus groups to complete

Bring a mix of people from your friends and acquaintances together but mindful that you all need to put yourself in the shoes of the consumer. Don't limit the group to marketing only, ask people who deal directly with consumers eg. sales people, customer service staff etc.

Step 1: What is the category the brand operates in all about from the consumers' point of view?

We can use our desk research and consumer groups to help us here - what are the needs, usage occasions, drivers, segmentation, where it fits in their world etc. Jot down the rational associations as well as emotional associations with the category

Consumer: "I buy these products for.... when I need...what they do for me... how I make sense of all the products in that area..."

Step 2: What does the consumer think about your brand?

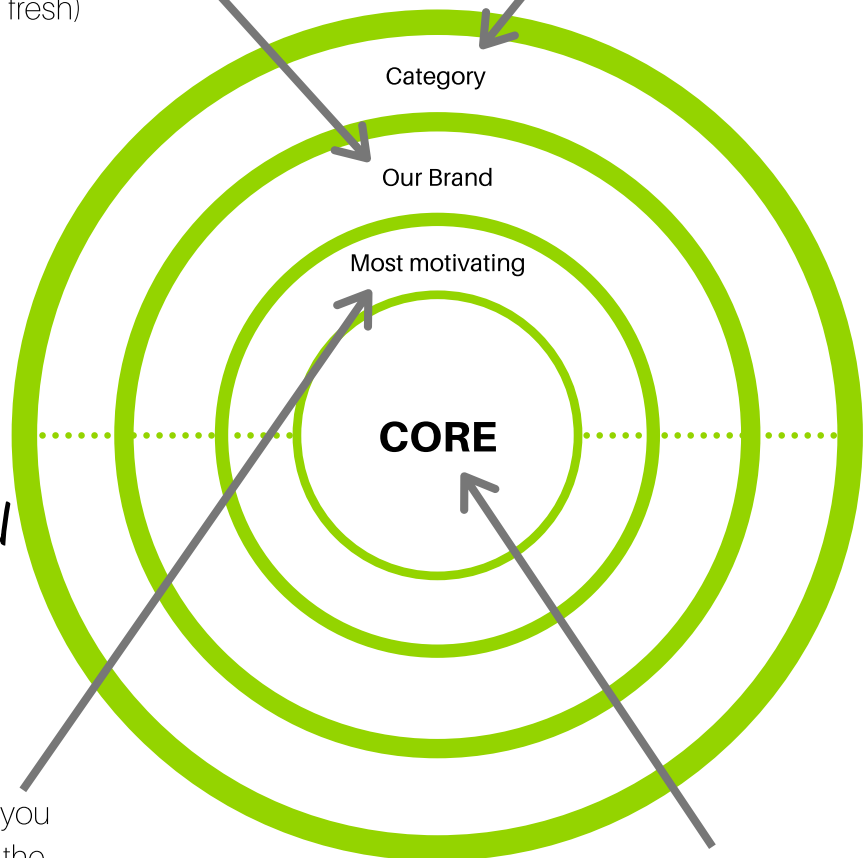
Now thinking about your specific brand, what are the standout associations from the consumer's point of view?

Think about the brand from the consumer's perspective eg. How they feel? What do they say? Where did they hear about you? The output here is to capture the emotional attributes as well as any ownable brand features (creamy, smooth, crunchy, fresh)

Consumer: "Things I associate with this brand are... how I feel then I use this brand"

Rational

Emotional



Step 3: Motivating and defensible point of difference

This is where you further delve into what you have summarised in step two. - what are the most compelling reasons to choose this brand (test: would you pay more for it for this reason?).

What is the brand's source of differentiation

Consumer: "What I value most about this brand is... the overwhelming reason I don't switch to another brand is....."

Step 4: Core

This is your brand's promise to the consumer. Your brand's core - just one or two words that sum up how your brand connects emotionally with your customers. This can be more difficult to do than it sounds as the core is "intangible" Features are easy to describe, however the core is more emotional

Consumer: "This summarises what this brand means to me and now one else can say that...."

Here are some criteria to test your core against:

1. **Focused** - once word is ideal. However you can have two or three. More than that it shows that the brand has no focus.
2. **Relevant to consumers** - it needs to connect with consumers' needs and wants
3. **Representative** - of what the brand stands for, not what it does.
4. **Unique** - the core of a brand is how it is different from the competitors in the same category Therefore you should avoid words such as "Australian", "quality", "family owned" as there are not unique
5. **Stretchable/Scalable** - across all product lines
6. **Consistently delivered** - if the proposed essence is not consistently experience (eg. if a trip to Walt Disney World isn't magical) then it isn't the core. Can your product deliver what you are promising?
7. **Believable** - The core must be credible or the brand will be rejected. To find out what consumers believe about your brand, ask them. It's okay for the brand core to be aspirational, but only if your customers believe you can deliver the promise.
8. **Sustainable and long lasting** - the core must not change from year to year.

EXERCISE 2

Brand Positioning

The brand offerings of bread within Australian supermarkets and grocery stores have increased in number. Brands not only fight over the consumer dollar (as the recent supermarket bread price war has demonstrated), but also are positioned to appeal to various markets and demographics. Certain brands may fulfill customer desires based on their quality, nutritional or price needs.



Following the examples of value propositions above, form your own analysis of the positioning of the following three brands and answer the questions below.

- What are the symmetries? Where are the divergences?
- Identify how differently each of the products is positioned.



Target Customer	Key Benefits	Price	Value Proposition

New Product Development - NPD

- NPD is the complete process of bringing a new product to market.
- NPD is identifying an opportunity in the market and turning that into a product/service available for sale.
- NPD can be tangible or intangible.

which consumer need states were being targeted, whilst highlighting the underlying reason why these were important to consumers.

- Consumers are looking for healthier food and drink and a clean eating diet, yet are not ready to compromise on the taste, therefore manufacturers need to make sure that the product is tasty
- Aspiration is a powerful tool for brands to boost sales by tapping into consumer demands to appear sophisticated and knowledgeable
- Increased busy lives and consumers feeling time-scarce is strengthening the demand for more energizing snacks
- Nostalgia is increasingly becoming a trait that is being used to market a more premium product and encourage consumers to trade up
- Consumers want to feel more confident in their appearance and are looking for ways in which they can stand out and express their personality
- More consumers are relying on snacking to offer satiety during the working day with both "better for you" and indulgent features being key attributes to a consumer's preferred snacking choice
- Consumers are looking for feelings of happiness from their FMCG consumption, not just from luxury but happiness in a particular moment

New product development is the development of original products, product modifications and new brands through a company's own R&D efforts. These new product developments can come in a number of forms, each with its own particular role to play within the development and maintenance of a brand. Each of the formats of NPD offer different aspects to the brand portfolio and are determined by elements like need, innovation, changing market conditions and creativity.

Broadly speaking, a brand's new products can fall into one of the following categories:

TYPE	DESCRIPTION	EXAMPLE
New to the World	Inventions (known as discontinuous innovations), are products that didn't exist before a brand released them - something no one has ever seen before and are very rare	Pop-Tarts (introduced in 1964).
New Category Entries	Making a product new to the company but not new to the market	McDonalds making salads available as a meal.
Additions to Product Lines	Adding complimentary products to an existing product line	Gatorade released 3 drinks for people practising sports. One is consumed beforehand, one during, and one afterwards. It was originally only one drink for all situations.
Product Improvements (continuous improvements)	Represents existing products that have been made better over time.	The introduction of the Cadbury 'Joyful' range of products, displayed a move away from the classic 'Diary Milk Block' to the new 'Dairy Bubbly'.
Repositioning	Using an existing product to reach a new market or increase the products' usage.	Nutella recently re-positioned their breakfast spread towards mums, as people recognised the product as a treat, rather than a breakfast spread. The strategy focussed on promoting the health benefits of hazelnuts, rather than the perceptions that it was a chocolate spread.

Reasons for a NPD Failure

Even though the commonly quoted product failure rates of 80 to 95% may be nothing more than urban myths, the actual mortality rate of new products remains high. According to Crawford C. Merle, 35% products fail to deliver a significant return.

- Overestimation of market size
- Poor design
- Incorrect positioning
- Wrong timing
- Priced wrongly
- Ineffective promotion
- Management influence
- High development costs
- Competition

Reasons for a NPD Success

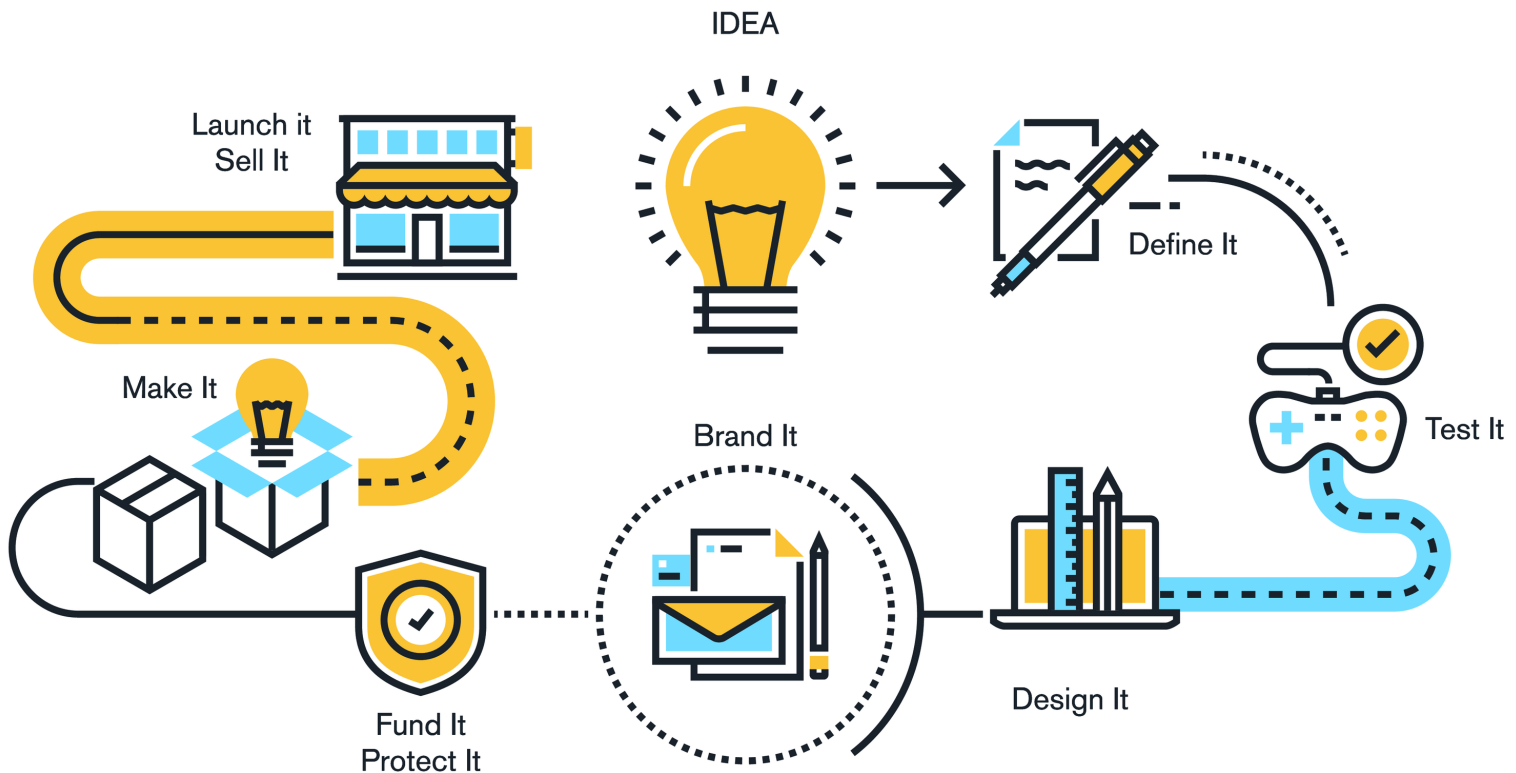
NPD is a difficult balance between committing resources for ongoing development of products and screening out potential products that have little to add to the competitiveness of the firm. Food manufacturers require an understanding of the drivers of successful new product development at the program level to ensure that a continuous stream of successful products is available.

- Unique
- Superior product
- Well defined concept
- Specific Criteria
- Specific Strategic Role
- Systematic New Product Process
- Well marketed

Your Business - Reflection Time

- Who are your best customers?
- What else do your best customers need or want?
- How can you serve your customers better?
- What do your best customers like about your product/service?
- What are customer complaints mostly about?
- What other competitors products do your customers use?
- What NPD strategy would work best for your company?
- What type of new product could you possibly introduce?
- Brainstorm for new products.
- Write a list of questions to ask your customers for ideas.

If you walk in any supermarket you will see a wide variety of food products on the shelf. These came about as a result of a careful process to designing and developing products with the goal of meeting specific consumer needs. The process is called product development which is one of the many roles of a food scientist.



The steps in product development involves:

- Ideation
- Prototype creation
- Sensory evaluation
- Pilot plant testing
- Sensory evaluation and product modification
- Consumer testing
- Finalisation of product specification
- Market testing

IDEATION

As the name suggests, this is where you come up with the idea for a new product. This is generally done by the marketing team, and then communicated to the product development team. It is based on marketing

research, analysing consumer trends, and/or identifying consumer needs based on gaps in the market or weakness in current products on the market.

PROTOTYPE CREATION

Once there is a clear idea of what to manufacture a prototype or "gold standard" of what the product will look and taste is created. This is done in a test kitchen at the company or in an outside test kitchen facility. Testing on a kitchen-scale prevents wasting of ingredients since it will likely involve a series of trial and error to create the product that is desirable. The prototype development process requires the expertise of a food scientist and chef.

SENSORY EVALUTION

Sensory evaluation involves tasting of the product to determine its taste, texture, smell, and appearance. This is done by an in-house team during the prototype development stage. It provides valuable feedback to enable modification of the product and finalising of gold standard. (see further information in Module 5: Manufacturing Your Product)

PILOT PLANT TESTING

Following establishment of prototype, the product is tested on a larger scale, called a pilot. This is done to simulate commercial production and finalise product specification. This is important since some specifications may change as you scale up the operation. For example you may recognise that cooking a small pot of stew at home for three people may be much different than if you have to prepare the same thing for forty people coming over for Thanksgiving dinner. Cooking times and temperatures, and ratios of seasoning may change to acquire the acceptable taste you are looking for. Pilot-scale testing allows you to make the necessary corrections before scaling up any further.

SENSORY EVALUATION AND PRODUCT MODIFICATION

This is done following pilot-scale testing in order to standardise the product. Until then, the pilot-scale process continues with the appropriate modifications until the desired specifications are met.

CONSUMER TESTING

internal sensory evaluation is a good guide but may be biased. It's like having a great idea and sharing the idea with your close friends and family who get excited for you, not with an objective eye, but because they like you.

Therefore, the target consumers should be given an opportunity to taste the product and provide you with feedback. This can involve inviting a small focus group in (as little as eight people) to taste and discuss the attributes of the product. For example, a focus group could be celiac disease patients, pregnant women, student athletes etc. If the product is for a wider target market, other consumer testing methods can be employed such as sending the products to homes to be tested, and conducting taste testing in public places such supermarkets and on the streets.

FINALISATION OF PRODUCT SPECIFICATION

The feedback from the consumer testing will provide valuable information that can be used to modify the product to ensure that it satisfies their expectations. According to the feedback you may have to go all the way back to the drawing board to develop another prototype or you may just need to make further modifications at the pilot production step.

TEST-MARKETING

Once there is a clear idea of what to manufacture a prototype or "gold standard" of what the product will look and taste is created. This is done in a test kitchen at the company or in an outside test kitchen facility. Testing on a kitchen-scale prevents wasting of ingredients since it will likely involve a series of trial and error to create the product that is desirable. The prototype

Marketers need to consider the following key questions:

- Can potential users easily see it is new and better?
- Does it easily fit into existing patterns of behaviour and the associations people have with the brand?
- People do not like to change the way they do things, therefore, is the development too much for them to accept?
- Is it easy to understand and can it be well communicated as being part of the existing brand?
- Consumers quickly filter out information; so are the benefits of this new product easy to comprehend in a very short period of time?
- Can it be trialled easily? Are there easily apparent benefits that people will be able to quickly identify and want to use to gain benefit from?

FOOD PRODUCT DEVELOPMENT STAGES

About 15,000 new food products are introduced each year. The failure rate, however, can be as high as 90 percent. The average time spent on developing new food products is about two years. Larger companies rely on a product development team that includes food scientists, food engineers and marketing experts. There are four major steps in developing a new product.

They are:

- Screening
- Feasibility
- Test marketing
- Commercialization

Screening

Screening will tell you whether to proceed with the next steps, or tell you to stop before spending more time and money on something that probably will not succeed. Start by asking yourself these questions:

- Who will use the product?
- How will it be used?
- What preparation is necessary?
- How will the consumer benefit from it?
- Does it have any other uses?
- Who is the competition and what is the price and size available?
- How is the product different from the competition?
- Where will the product be available?
- How will people find out about the product?
- What will the price be?

If you can answer these questions confidently, you can proceed.

The proof of the pudding is in the eating.... correct?

When your career primarily revolves around the creation of delicious food and drink products that boast tasty and tempting flavour combinations, it sometimes can be hard to adjust to the cold hard facts that influence retailers' and consumers' buying decisions.

For example, you finally secure a one-to-one with a key retail buyer; you're prepared to talk at length about your production process, the fine ingredients you use and the strong ethical credentials that you always adhere to. However, the meeting quickly takes another direction – before you know it, you've spent thirty minutes being quizzed about your product's packaging. Disappointingly, it appears that the buyer is more interested in discussing the visual presentation of the product's exterior than the delicious contents inside.

It seems like a superficial and short-sighted approach to you, but let's look at things from the buyer's point of view....

THREE REASONS WHY RETAIL BUYERS (AND CONSUMERS!) WANT YOUR PACKING TO BE TOP-NOTCH:

Looks Matter

More than a practical container, your product packaging is in itself a clever marketing tool. The packaging colour, style, design and even the fonts used for the product description and ingredients sections can subtly convey marketing messages to the target audience.

In fact, sophisticated packaging design can instantly communicate your brand's positioning. So, are you pitching your product or product range as being high-end and luxurious, eco-friendly and wholesome or quirky and innovative? Good packaging design means that prospective buyers should know whether a product is suited to their tastes within a few seconds of casting an eye over the packet, box or bottle it's contained in.



Retailers are well aware that certain products 'speak' to different audiences. A well-pitched product with a clear branding message is likely to be picked up, analysed and placed in the trolley or basket of a target shopper more quickly than a poorly branded item. Sadly, a fabulous product with vague, imprecise and unattractive branding could be (literally!) left on the shelf.

From a retailer buyer's perspective, there needs to be a reassurance from the producer that they aren't wasting shelf space on your product. One of the best ways to flatter yourself and offer a sense of confidence in your brand is to ensure that your packaging looks super-sleek, super-sexy and is immediately recognisable as being aimed at a specific demographic.

It's worth noting that a whopping 70% of all purchasing decisions are not pre-determined – they're made by shoppers, right there in the store, as they browse the aisles and look for inspiration!

LEGALITIES MATTER

Today's food and beverage industry is pretty much like every other industry – regulations and legalities shape how we produce our products, the claims about our products we're entitled to make and the key information that we need to share with consumers.

Retailers are well aware of the requirements that need to be adhered to in relation to product packaging. If, at a glance, your packaging and labelling doesn't appear to meet minimum requirements, you'll have next to no chance of convincing a retail buyer that you deserved hallowed space on their shelves!

Very simply, no retailer wants to be associated with a product or brand that doesn't reach minimum labelling standards. Even if the retailer is not directly responsible for your labelling decisions, what businessperson wants the hassle of being caught up in a regulatory controversy?

As regulations are constantly changing (and can vary from region to region, country to country), you, the producer, need to take full responsibility for knowing the current minimum requirements that relate to your business.

However, here's some of the basic labelling information that is generally required (more on this later...):

- Name of the food
- Premises where the food was packed or prepared
- Lot (or batch) number
- Name of the business
- Business address (this can't be a PO Box number)
- Mandatory warnings and advisory information
- Ingredient labelling
- Date mark ('best before' date)
- Health and safety advice
- Nutritional information panel
- Percentage of characterising ingredient/s
- Country of origin
- Net weight

FRESHNESS & TASTE MATTER

The straight-out-of-the-oven product samples you tasted this morning were certainly to-die-for. But what will they taste like three weeks from now when they're unwrapped and unpackaged and enjoyed (or not!) by your customers in the comfort of their own homes?

Don't forget that packaging has a very practical purpose – namely to preserve your product so that it's consistently fresh and delicious every time.

No matter how stylish and relevant your packaging is, both retailers and consumers will begin to reject your produce if quality is not up to scratch. So don't skimp on the essential packaging technology that could be the saviour of your reputation.

Retailers won't want to stock your product if returns by dissatisfied customers become commonplace; consumers won't be shy about giving you bad reviews if your product doesn't taste as expected.

Once again, here is an area of the food and beverage industry that's constantly changing. New technology is enabling businesses to use less wasteful packaging, more attractive packaging and packaging that increases shelf life. Speak to a food and beverage packaging technologist for the latest information relevant to your product type.

In the meantime, get clued up on packaging by learning the following terms:

Primary: the packaging the consumer takes home.

Secondary: anything used to group items together such as boxes, trays, film wrap; in other words, the packaging around your packaging.

Tertiary: packaging used for transporting and warehousing, such as cartons and pallets.

Before changing your packaging, be sure to take environmental considerations into account. Attitudes towards packaging are changing and you don't want to order thousands of units of non-recyclable tubs or trays, when your competitors are gradually switching to alternative biodegradable versions.

ANYTHING ELSE

Finally, we'll readily admit that it's not the most exciting area of product management but, if you're serious about getting your foot in the door with key retail multiples, you need to get your nerd on – you need to be super-diligent when it comes to following the rules outlined in Australia's Competition and Consumer Act 2010 (or, if you're living outside Australia, the relevant legislation for your region/country).

So, start preparing to hit the big time by swotting up on the Competition and Consumer Act 2010 (CCA) basics:-

- Your product label should not provide false, deceptive or misleading information to customers.
- Your product label should offer (i) the mandatory consumer product information standards as set out under the CCA, (ii) industry specific regulations, such as the Food Standards Code, (iii) additional labels required by customs for some imported products under the Commerce (Trade Descriptions) Act.

CASE STUDY *Gourmet Garden*

In the mid 1990's, two scientists, from their un-satisfaction with the short season for fresh herbs, discovered a unique process to capture and store fresh chopped herbs via refrigeration (Gourmet Garden 2014). This enabled the herbs to be packaged fresh, without cooking or drying procedures enabling the best possible fresh flavour and aroma. In 1998 the Botanical Food Company, situated on the Sunshine Coast, Australia, began commercialisation of the patented process of capturing the freshness of herbs and spices in convenient tubes and single serve formats (Botanical Food Company, Ltd 2011).



In 1999, the Botanical Food Company established the Gourmet Garden brand of fresh herbs and spice blends (Sunshine Coast Council 2014). Products are developed, manufactured, packaged and distributed from their headquarters in Palmwoods on the Sunshine Coast, Queensland (Botanical Food Company Ltd 2011). Gourmet Garden products are now available in all major grocery stores in Australia and are now being exported to New Zealand, United States of America, Canada, South Africa, Asia and Europe (Gourmet Garden 2014).

To keep up with demand, The Botanical Food Company commissioned a \$17 million factory expansion in Palmwoods (Sunshine Coast Council 2014). This facility, completed in 2006, is one of the most advanced and efficient plants of its kind in Australia. Many features, such as a refrigeration plant 50 % more efficient than its predecessor, the collection of rainwater for use in the plant, and a 40 metre green belt surrounding the back of the site housing 8,000 native trees illustrates the Botanical Food Company's commitment to sustainable development and concern for the environment (Tronics 2014). This is also reflected in many decisions on all levels of the company, such as the partnership with ecoBiz, the Queensland Government's established program aimed at improving the efficiency of resources and waste reduction (Botanical Food Company Ltd, 2011).

Increased consumer demand and a rapid increase in product range led to another challenge for Gourmet Garden. Different package systems used over all 14 products was made efficiency difficult and storage space limited. In 2005, Gourmet Garden became a signatory of the National Packaging Covenant (NPC), which led to the implementation of many changes (Botanical Food Company Ltd 2011). The Botanical Food Company installed a new overhead printer into the Palmwoods facility enabling the company to use a single label throughout their entire product range, resulting in huge labour reductions (Tronics 2014). In 2009, Gourmet Garden gained organic certification by the Organic Food Chain, giving them access to additional niche markets all around the world (Gourmet Garden 2014). Today, Gourmet Garden has become an ideal solution for busy cooks, not wanting to sacrifice flavor within their everyday cook



Packaging is broadly defined as ‘all activities of designing and producing a product’s container’. This can include up to three layers of package type.

PRIMARY PACKAGING

Primary packaging is the packaging that most consumers will be familiar with in regard to any given brand, as it is the one that is on the shelf. For example, with a packet of Arnott’s Mint Slice Biscuits, it is the familiar plastic wrapping seen below.



SECONDARY PACKAGING



Secondary packaging accompanies the primary packaging either outside or inside. Some goods may come in a bottle, but then for carriage, be packed in a box, which still bears logo elements of the product. It can also be the inner packaging material that supports the primary packaging.

Finally, the shipping packaging is that which contains a retailer’s order, and will be delivered to the outlet within this packaging. For most grocery items, these will be corrugate cardboard boxes or possibly Styrofoam containers for fresh or chilled items. Packaging must protect, identify brand descriptive and persuasive information and facilitate transport. In addition, it should assist at home storage and aid product consumption.



When it comes to packaging, a distinction is made between two sets of equally valuable but functionally different components:

- **Image bearing components:** colour of packaging, typography, the graphical shapes used and the images introduced; and
- **Structural components:** shape, size of the containers and the materials used to manufacture them.

This is because the packaging has a number of different roles to perform. From a marketing perspective (our interest), it has to be used to catch the eye of the shopper, identify the brand correctly, convey information about the product (see more in labelling) all of which must fit in according to supporting the other marketing elements related to the product such as advertising, pricing and its positioning. Packaging also has to aid product transportation both in-store and to home (or place of consumption i.e. work lunch), assist with at home storage, and most importantly, to protect the product from damage in all situations both pre (for the producer/retailer) and post (shopper/consumer) purchase.

A number of factors have influenced packaging ability to be used as a marketing tool:

- **Self-service** – the ability for shoppers to limit the interaction and handling between them and their purchase – they buy smoked salmon from a fridge case vacuum sealed, rather than the fresh food counter with the help of a staff member.
- **Consumer affluence** – as customer affluence increases, so does their desire to have things that appear nicer and are likely to be presented in nicer or more up-market packaging. They are also more likely to pay for convenience that nicer and increased packaging elements bring to a product.
- **Company and brand image** – with increased expenditure on and research into branding, the package has emerged as one of the key marketing tools available to companies. This is further emphasised by the fact that distinctive products and product packages reflect well on their respective brand images. An excellent example here is the famous Coke bottle. Though it's not really used that much anymore, it is still recognised the world over as being uniquely associated with Coke.
- **Innovation opportunity** – when new packaging designs and technologies are found and brought onto the market, companies have the opportunity to create a competitive advantage over competitors - Gourmet Garden's herbs in a tube are a good example here.



We have already established that shoppers browsing the aisles of a supermarket come across many products, but choose to buy only a few of them. One of the elements of the shopping visit is therefore exposure to the packaging that those products come in, packages that have been designed to influence the shopper to buy the product.

Shoppers are more likely to choose products that have an attractive appeal than they are to select similar but less visually appealing products. Accordingly, an appealing product packaging is said to be able to evoke an impulse to buy.

However, more than just the impulse buy, packaging images may have a more long-term effect. On the shelf and in someone's possession, packaging will generally carry the brand image of the product in conjunction with the structural components of the package. These are image variables that are not necessarily a part of the product itself and are used to activate associations with a product so that consumers may rely on them when evaluating the product.

Further, these image variables can convey information about the product that consumers can enhance, project, or attain by possessing, using or being seen to buy a particular product. That is, the packaging signals to others something about the shopper. This is similar to the effect of other image variables studied in marketing, which have been seen to have an influence over consumer evaluation and behaviour. Variables include price, country of origin, and celebrity endorsements .

Also, the packaging of a product will frequently stay with it until it has been consumed (and even after as rubbish) hence the exposure to the packing and thus the brand image is continually refreshed.

The characteristics of a product can be continually transmitted over seven stages:

- Point of sale
- Transporting the product home
- Home storage
- Opening
- Serving the product for consumption
- Reclosing or putting away
- Disposal

While advertising is incidental and often missed or ignored, the packaging elements that a product has allows it to keep transferring information about the product to the shopper and consumer while they use it. It may build further associations and helps to strengthen loyalty to the product and brand in real time, at the home.



a pack has many functions - some, if not all, presenting marketers with the opportunity to gain competitive advantage'. They suggest this comes from the answering of the following questions:

- What it needs to hold and in what form
- The amount
- Shelf life required and under what conditions
- Point of sale communication requirements
- Branding requirements
- Conditions for accessing/dispensing contents
- Copy/illustrations needed to encourage optimum use.

There are seven instances where marketers are needed in the package design process:

- Of a new product or variant
- A dated/tired pack
- A product (changing what it competes with and/or its functional or symbolic benefits)
- Its target market
- Cost reductions in packaging are required
- Legal or regulation requirements demand it (this comes under labelling)
- New packaging technology becomes available; (Nancarrow et al., 1998).



EXERCISE 3

Packaging Insights

- What do you like or not like in packaging?
- What is your favourite package and why?
- What do you think could be improved about packaging?



In this stage, you will create what the consumer will see and buy. All the thinking so far will come to nothing if you don't find a distinctive way of presenting your brand to the consumer. Working with a design specialist you will develop how your new product looks and feels as a brand.

The expression stage of the food product innovation process is all about turning the brand core and positioning you have developed into real world designs. You can do this by working with creative partners and packaging design specialists experienced in the food packaging industry.

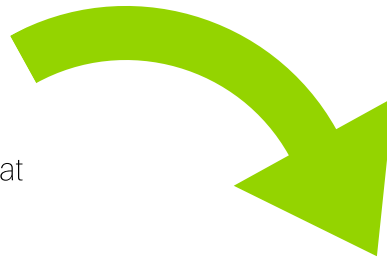
Now it is time to take the brand core work and turn it into a visual identity for your product. Your packaging designer will need to know your target consumer is and how you want your brand to appeal to them.

WHAT ARE THE NEXT STEPS

Packaging Development

1.

At this stage you need to develop a packaging design brief incorporating all of the consumer insights work you have completed, the brand core you are trying to create and the formats that are viable.



Communications Development

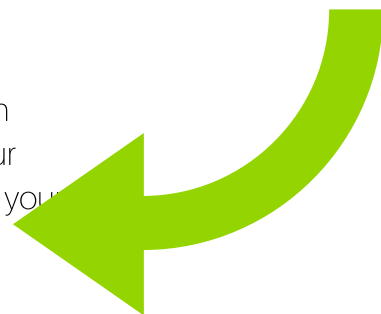
2.

You may also need to develop a communications brief if you intend using advertising or PR to launch your product. Again, the consumer insight and brand core work you have completed can be included here.

Creative Testing

3.

You should test the designs and communications with consumers through qualitative research to ensure your designs are meeting their intended brief and reaching your target consumers.



PACKAGING DESIGN BRIEF

When briefing your design specialist about the development of your packaging brief, you need to think carefully about developing a guide that will influence any designer you choose to work with your way of capturing in words what you want your brand to stand for.

PACKAGING & COMMUNICATIONS BRIEF

PRODUCT BACKGROUND

(keep this brief, focusing on the facts and insights that will give the designer something useful and distinctive that they can work with)

CORE ISSUES ABOUT THE PRODUCT

(what are the main reasons for creating the product - what pain points of the consumer are you fulfilling with your product?)

OBJECTIVES

(be really clear about exactly what you are wanting to convey, rather than just a general list)

TARGET AUDIENCE

(who do you want to speak to eg. consumer, trade - in Australia or overseas? Try to bring them alive by talking about what your brand will do for them - refer to your customer avatar)

KEY MESSAGES/CORE ESSENCE

(what do you want to say, that really makes your brand different? Use your Brand Model as inputs here)

STONE OF VOICE

(You need to think about both your brand's personality and the people who are receiving the message)

DELIVERABLES

In-Store: On what shelf/in what kind of display cabinet? How many facings will you normally get in-store?/ What packs will usually be alongside it?

DESIGN CONSIDERATIONS

Physical or graphic elements eg. logo, colours, graphic devices, and whether there is flexibility in the design of these elements. Technical Specs: Dimensions/Printing method/ Number of colours

PHOTOGRAPHY STYLE

(Are you using stock images or want your own? Should they be lifestyle/product focused? Do you require photography to be commissioned?)

TIMINGS

(When do you want the design completed by - work backwards from when you need the product on the shelf and take into account the printing delivery time)

BUDGET

CONTACT DETAILS

Include details of your printer or any other third party that is relevant

This module has presented the concept of product branding and outlined how important brands are in marketing strategy and communication. It details what brands are, and why we need them as both producers and consumers. It demonstrates how important brands are for market evaluation and for marketing strategy.

Perhaps most importantly, it demonstrates how the consumer approach to understanding brand equity is so vitally important for marketers, and extends the idea of brand value past simple economic or “snapshot” views of consumer preference.

Again, the members of the fragmented Australian food industry have to use this knowledge to best design the most effective branding strategies for their particular products – a process that, as the case studies and examples demonstrated, can vary widely. Growing brands through the understanding and execution of the principles of physical and mental availability is key.

The module then concludes by looking at how new products are strategically developed through a detailed systematic process, which must be followed if success (which is never guaranteed) is to be achieved.

Finally, the module considered how different types of products are adopted and diffused in various markets. Some products are instantly successful, while others take some time to reach their sales and uptake peaks and potential.

Understanding this phenomenon can help marketers to design more effective campaigns, and helps them get a little extra sleep at night if their product isn't an instant hit. You should consider how your particular company or industry applies the knowledge you have learned in this module, and see if you can identify some of the patterns that have been demonstrated in the NPD section.