Packaging That Sells

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Packaging that Sells
Requires Understanding & Alignment

● David Ogilvy, famous Ad Man, is known to have said:
  ▪ Four out of five people only read the Headline in an advertisement
  ▪ When you’ve written your Headline, you’ve spent Eighty Cents of your Dollar

● Packaging has a counter, the: 25 – 10 – 2 Foot Rule
  ▪ At 25 feet Vivid Color and Sharp Graphics are most important:
    ➢ Eye Appeal = Buy Appeal; Unseen = Unsold
    ➢ Your package is a beacon, like a lighthouse guiding a ship
  ▪ At 10 feet your Logo must be Highly Visible
    ➢ Create customer association of your color
    ➢ Product Level – good, better, best; premium, super premium
  ▪ At 2 feet it’s about your Brand Story and Copy Points
    ➢ The WHY, why the product exits – ideas get bought and brought home
Doing the math on the 25 – 10 – 2 Foot Rule

- The first 25 feet represents ~ 70% of your Packaging Spend
- Are you receiving Expected Value on Every Dollar?
- Before answering, think about packaging’s many facets
  - How is it created?
  - Who influences its creation?
  - The costs and expenses its burdened with?
  - Its role in profitable company growth?
  - Improving the process?
Influenced by Many
Carrying a Heavy Load

- How is it Created?
  - Most packaging is created inside the company with tight timelines
  - Versus within the context of the retail environment in which its lives
    - Does it communicate across a showroom floor or down a store aisle?
    - How does it work as part of a wall full of competitive products?
    - Do the package’s elements work as the prospect approaches the shelf?
  - Today every time a customer enters a retail store it’s basically a first date
  - Are the departments responsible for its creation communicating regularly?
Influenced by Many
Carrying a Heavy Load

- Who influences its creation?
  - Internal to the Brand Marketer
    - Marketing
    - Operations
    - Purchasing
    - C – Level
  - External to the Brand Marketer
    - Packaging Design Firm
    - Ad Agency
    - Retailer
    - Shopper Marketing Firm
    - Package Manufacturer
    - Consumer
Influenced by Many
Done Right, It’s a Counterbalance

- Packaging’s shelf velocity balances and supports many investments
  - Research & Development
  - Tooling
  - Manufacturing Cost (Variances)
  - Marketing
  - Sales
  - Advertising & Public Relations
  - Fulfillment
  - Shipping Expense
  - Working Capital

- Each betting on consumers to line up and buy the product
**On Company Growth**

**Impact: Immediate & Lasting**

- Fact: 80% of new products don’t survive their second year
- Only on Broadway, “The Producers,” did miscues drive success...
- Packaging’s total cost of ownership is like an Iceberg
  - We’ve reviewed multiple internal costs
  - At retail there are additional
    - Slotting fees
    - Reduced facings
    - Markdown monies
    - Buyback dollars
    - Impact on future new product acceptance
- The Company & Brand’s Quest for Identity requires careful planning
Today’s Retail Environment
Impact: Immediate & Lasting

- Retail is Changing Daily
- Perishable Perimeter Departments: pulling sales from Center Store
  - Bakery
  - Dairy
  - Deli
  - Poultry/Seafood
  - Produce
- Forces CPGs to rethink their Packaging approach and strategies
- Puts greater pressure on the need to Capture the Cart™ daily
- Packaging: the most important Real Estate Brand Marketers own
- Much is riding on the package, what improvements can be made?
To Capture the Cart℠
Requires Insight & Collaboration

- We’ve seen many groups and costs in producing a winning package
- One could make the analogy of a long train with many cars
  - The question: are the cars coupled or uncoupled?
- Or, we could make the analogy of the game “Telephone”
  - The question: is the first whisper the same as the last whisper?
- Whatever the analogy, the process requires effective communication
- So let’s start with the first whisper (train car)
  - Brand Manager to Ad Agency-Packaging Design Firm
    - We are developing a new product (or refreshing), need vivid color & sharp graphics
    - Receives exciting artwork and comp
    - Artwork prepared at 400dpi – sparkles and is impressive
To Capture the Cart<sup>SM</sup>
Requires Insight & Collaboration

- Brand Manager to Purchasing
  - We have exciting packaging for the new product
  - Need to get it produced

- Purchasing to Potential Suppliers
  - We have a new product that requires packaging, specs follow
  - Please forward your pricing

- Purchasing to Brand Manager
  - We have a great new resource to produce your packaging

- Brand Manager to Purchasing
  - Can’t wait to get it on the retail shelf, the product category needs a sales lift

- Purchasing Manager
  - Receives a low price, but does not know, nor did he inquire, the line screen value the package will be printed at
To Capture the Cart<sup>SM</sup>
Requires Insight & Collaboration

- **Brand Manager**
  - Knows new package supports a large company investment from many departments
  - Expectation: Product Sales & Margin Dollars will Payback Multiple Times
  - Delivers the sales lift the retailer is expecting
  - Expanding the number of shelf facings
  - Becoming the Category King

- **Packaging Supplier**
  - Delivers the packaging, it pales in execution compared to the Comps, PDF & Proof
  - Lacks Vivid Color and Sharp Graphics compared to expectations

- **Brand Manager**
  - Surprised rather than Delighted by the packaging’s appearance
Why Does This Occur?

- Expectations are not coordinated between internal departments & suppliers
- Package is awarded on Price versus a Best Value, Strategy Relevant solution
- Less than 15% of Purchasing Managers ever inquire about line screen value
- Unaware of the relationship between artwork “dpi” and press “lpi”
- Lack of communication between Design Agency and Package Manufacturer
- Understanding Total Cost of the Package transcends the Price of the Package
To Capture the Cart℠
You Need to Couple the Cars

- For there is no finish line in retail…
  - Understanding: the Quest for Identity, Shelf Impact & Retail Sales are linked
  - Package Development is no different than Product Development
    - It’s a formal process
    - Requiring coordination at all levels in the supply chain
    - Internal and external teams need to be on the same page
  - Retail Package success: measured at the Cash Register, not Purchase Order