

Novel Value Perceptions and Business Opportunities through Packaging Customization

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Abstract

This study aims at highlighting novel business opportunities for brand owners created by inkjet printing and user-centric methods, and finding out, how packaging relates to company strategies. A new long drink six-pack was customized for a summer festival. The cover consisted of event and brand information. The brand owner got an advantage over competitors as a co-operation partner with the event organizer, because the six-pack cover acted as an advertisement for the event and created value for both partners. The findings contribute to the knowledge of the role of packaging in the value chain among different actors. Customized packaging enables brand owners to serve unique offering and close relationships to their co-operation partners. Another contribution is the role of advertisements at the packaging. Instead of advertising only own brands and products, brand owners may sell out the packaging face. A strong partnership allows both parties to capitalize on the situation.

Key words: Inkjet printing technology, packaging, strategic cooperation, user-centric methodology, customization

1. Introduction

Digital printing of packaging provides new possibilities for packaging customization due to cost-effective short runs, on-demand production, and suitability for versatile packaging surfaces (Ewing, 2004). Thus, it offers new potential for targeted promotions during diverse events, for example. Currently, this technology is at an early stage regardless of its history that traces back to the 19th century. The idea in digital printing is its comprehensive nature: it is not just printing, but handling a broad service concept that incorporates customized printing as one part of the entity. The reasons, why digital printing is believed to gather significance in the coming future, are multi-faceted. In addition to the need for proceeding from storage production to more efficient on-demand production, the trend of tailoring packaging for specific consumer groups, events, and regions is a major player in the printing market (Heilmann *et al.*, 2009).

There are several reasons, why marketing professionals should be far more interested in packaging than they are at the moment. First of all, in rival markets, such as food retailing, unique packaging design is necessary to attain the attention of consumers (Nancarrow *et al.*, 1998; Rundh, 2009). Second, packaging is always present at the critical moment of making purchase decisions (Clement, 2007). This distinguishes packaging from other marketing tools. Thirdly, positive purchase decisions lead to situations in which packaging is taken along. Multiple usage occasions increases notably the opportunities of packaging. However, packaging is still often seen as an unavoidable expense and its benefits are neither totally understood nor exploited. The aim of this study is to highlight novel business opportunities of brand owners created by digital printing of packaging and user-centric methods. With the help of a case study, it will be shown how packaging can be included into company strategies and used more comprehensively in cooperation processes between brand owners and other partners, which are represented by an event organizer in this occasion. The case study consisted of four phases: i) workshop for discovering ideas of new packaging options, ii) defining novel packaging scenarios, iii) testing the scenarios in focus groups, and iv) building a new packaging model.

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The procedure followed loosely ISO Standard of user-centric design (ISO Standard, 2010). This article is divided as follows. The next chapter presents existing literature of packaging and its significance in today's marketing. The research method is introduced in the third chapter. The fourth chapter presents the results of the case study conducted via user-centric methods. Finally, the last chapter draws conclusions and outlines practical implications.

2. Literature review

As the amount of various packages has grown enormously during the last few years, the role of packaging has drawn more importance. Packaging is no more a pure cover of the product, but a significant actor of the whole offering (Wells *et al.*, 2007). Packaging differentiates the product from other competing alternatives, distinguishes itself at the store shelf, and symbolizes its own values by its existence, design, and shape (Ahmed *et al.*, 2005). The fundamental task of food packaging is to preserve both the food inside the package unaltered from the production until to the consuming moment and the environment during this process. The division into primary and secondary packaging is an integral aspect of it, because primary packaging is in straight contact with the food product and meant for consumer selling, whereas secondary packaging is mainly used for facilitating transportation and storage (Hellström & Saghir, 2007). Primary packaging is often a better option for information and marketing purposes, because it stays with consumers during the use, whereas secondary packaging is usually just removed and thrown away. In addition to its protective function, packaging has also other tasks. Typically in packaging-related research protection, convenience, and communication are listed as the three main purposes (Lockhart, 1997; Prendergast & Pitt, 1996). Because packaging relates to both marketing and logistics (Prendergast & Pitt, 1996), an integrating strategy is necessary. From the marketing point of view, packaging sells the product by catching consumers' attention. From the logistics viewpoint, packaging contains the product by dividing products into diverse, convenience-sized apportions (Prendergast, 1995).

Regardless of the preceding advantages, packaging is still often seen as an inevitable cost, the promising opportunities of which are not either understood or utilized. The first mental impression of packaging for consumers may be an unavoidable waste without any positive aspects (Bech-Larsen, 1996). Nowadays, the trend of friendliness to the environment is notable in the packaging sector. There are an ever growing number of demands for more environmentally friendly packaging, which can mean reduced, recycled, or reused packaging (Prendergast & Pitt, 1996; Rundh, 2005). Minimizing the waste is probably the most common way to increase eco-friendliness, but other manners deserve consideration as well. Thus, if packaging has some further use than being just a necessary evil (e.g., including useful or entertaining additional information), it may be held less detrimental in the minds of consumers. However, determining, whether a package is good or bad from an environmental viewpoint, is not a simple task. Being recyclable does not guarantee the overall eco-friendliness of the package. Hence, recycling is a means to achieve some further packaging-related purpose, such as cost reduction, preserved natural resources, or minimization of waste. These goals may be attained via other ways as well, which decreases the goodness of pure packaging recycling (Robertson, 1990).

The communication function of packaging encompasses such aspects as attracting attention, creating brand identity, enabling brand differentiation, promoting the product, facilitating product and brand recognition, and communicating information (e.g., Lockhart, 1997; Pickton & Broderick, 2005; Prendergast & Pitt, 1997; Robertson, 1990). The aim of these aspects is to create a comprehensive packaging identity that is in cohesion with brand values and ethos. The connection between packaging design and communication should be coherent with the brand of the firm, so that the packaging would work as an effective marketing tool (Vazquez, 2003). The role of communicative aspects changes in different situations. When making purchase decisions, attracting attention is naturally a salient function, whereas during the usage, other elements are more usual (Uusitalo *et al.*, 2010). As mentioned already earlier, packaging is the only marketing communications tool that is physically bound to the real product. Previous packaging-related research has primarily focused on the relevance of packaging at the point of purchase, when perceptual elements, like visual packaging features have gained interest (Ampuero & Vila, 2006; Clement, 2007; Folkes & Matta, 2004; Holbrook & Hirschman, 1982; Nancarrow *et al.*, 1998; Raghuram & Greenleaf, 2006; Rundh, 2009). Still, many packages pass nonverbal cues that need to be seen, heard, tasted, felt, or smelled to be entirely acknowledged. Therefore, consuming demands contemporaneous co-operation of multiple senses (Holbrook & Hirschman, 1982, Mensonen, *et al.*, 2010).

However, appreciating the whole process and different value experiences of packaging has got only little interest among academics. The potential and importance of packaging are undervalued, if attention concentrates only on separate aspects forgetting others, because a package is always a unity.

3. Data and methods

The data collection started with a workshop, which aimed at developing new ideas for a package of six long drinks (a Finnish alcohol drink), which was used as a case study. The attendees of the workshop were from a design agency, three brand owner companies, and two production companies. In addition to company representatives, there were researchers from three research areas: user centric media concepts, digital printing, and marketing. Several ideas were developed, brainstormed, and grouped in the workshop. The chosen ideas were further developed by the design agency to model four different scenarios of new six-packs of long drinks. The scenarios were tested in three focus group sessions. The participants of the focus group sessions were 20-29 years old men, who represented the target group of the product. Each group consisted of five people. To facilitate the comprehension of the idea in the group sessions, a story relating to each packaging scenario was written.

The group sessions began by reading the story and showing pictures of each packaging scenario to the group. The participants were asked to evaluate the concepts individually by rating them against seven different scales (see Table 3.1). Similar scales have been used in the studies of Mäyrä and Ermi (2004) and Seisto *et al.* (2011), for example. The intention of this procedure was to break the ice and thus, to get the participants to concentrate on the concepts. After ticking the scales, each concept was discussed separately in the group.

Boring		x				Fun
Not interesting				x		Interesting
Unfamiliar		x				Familiar
Ordinary					x	Celebration
Marginal					x	Meaningful
Informative			x			Vacuous
Good	x					Bad

Table 3.1. Rating scale used in the focus group sessions (x= examples of ticking the scale)

The interviews were recorded and transcribed. The transcriptions were analysed using the Atlas.ti -software, which is a tool for qualitative analysis of large amounts of textual data. With the help of the software, it is possible to explore complex phenomena hidden in textual data.

4 Results

The scenarios constructed in the workshop and created by the design agency were called by names like Festival, Never-ending story, Pattern, and Postcard (see Figure 4.1).

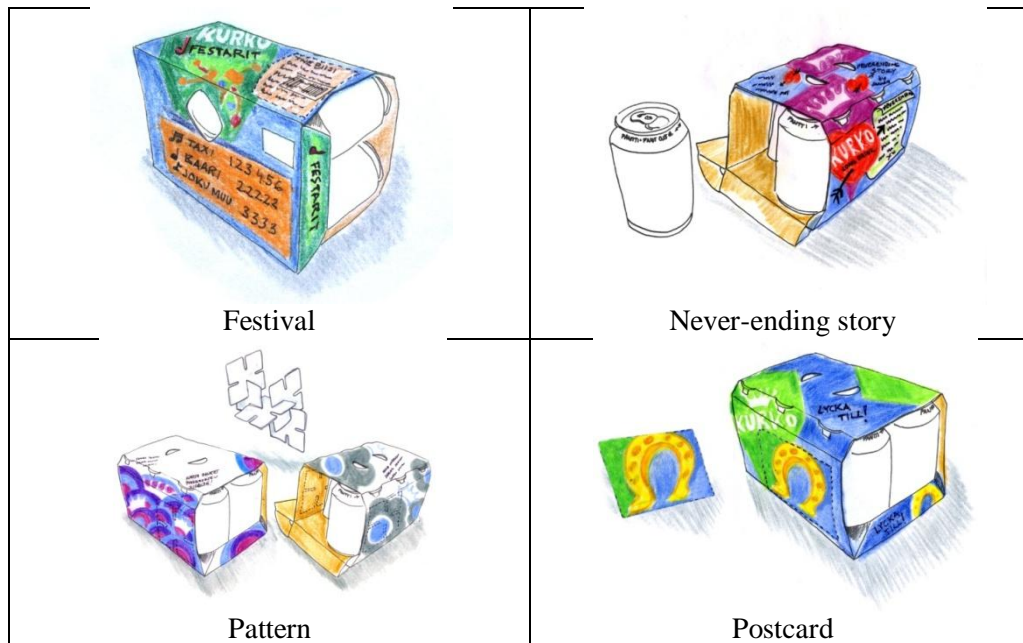


Figure 4.1. The developed packaging scenarios

Festival was made for a summer festival as an idea to promote the event. In addition to promotional elements, Festival scenario included all the necessary information (e.g., event timetable, map of the event area, important phone numbers, such as taxi number, and words for sing-along songs), which could possibly be needed during the event. Never-ending story had a short story printed on the side of the package. The purpose of this scenario was to activate consumers and inspire them to take part in writing a follow-up for the story, which could then be published on the following six-packs. The idea of the third scenario, Pattern, was that consumers would detach and collect pieces of six-pack covers, build a mobile of them and lastly, participate in a competition for the best construction. Postcard scenario was a detachable card that consumers could send to their friends, when travelling. The intention was to produce diverse Postcard six-packs for the use of different tourist attractions.

In the end of the group sessions, the participants voted for the most inspiring scenario. The clear winner was Festival six-pack. Therefore, it was chosen for further development, which aimed at satisfying threefold needs of the brand owner, the chosen festival organizer (Ilosaari rock festival), and consumers. Figure 4.2 presents the new Rock Kurko six-pack. Major part of the packaging surface promoted the Finnish summer rock festival with informational elements, which were presented earlier in this paragraph. A notable amount of packaging face was left naturally for the brand itself. In addition, small parts of the surface were sold out for other co-operation partners, which used the space for advertising their services in connection with the festival.



Figure 4.2. The new Rock Kurko six-pack

5. Conclusions and managerial implications

This study aimed at enhancing knowledge of business potential of digital printing of packaging from the brand owners' perspective. With its special characteristics, digital printing technology enables packaging customization. The empirical phase in this study followed a process consisting of idea creation in a workshop, focus group sessions, and scenario development based on the findings arisen during the previous two stages. The chosen scenario resulted in a customized festival package, Rock Kurko six-pack.

The findings contribute to the knowledge of the independent role of packaging in the value chain among different actors. In this study, customized packaging provided three-fold value. First, it added value of the packaging for consumers by including vital information of the event. According to the focus groups, it also increased the overall positive festival experience. Second, the event organizer got a fresh, new way for communicating with festival visitors and promoting the event. Finally, in brand owners' negotiations with their cooperation partners, customized packaging served as a strategic weapon enabling brand owners to provide unique offering and closer relationships compared to their competitors. Thus, the role of packaging cannot be neglected, although the actual product is always the core of the offering.

Another contribution is the finding of the role of advertisements on the side of packaging. Instead of advertising only own brands and products as usually, brand owners may sell out the packaging face. A strong partnership allows both parties to capitalize on the situation: the layout of the packaging stays at the brand owners' control, whereas the other partner may promote its offering. This knowledge will enable companies to incorporate packaging more comprehensively into their business strategies and build stronger co-operation bonds.

In addition to brand owners, consumers may perceive new value from Rock Kurko. Besides being a handy carrying base and a protective cover for 6 cans, it is also a useful medium for information. For green consumers, the possibility to use packaging also for other purposes than for just containing the desired product may represent a highly valued issue. Unwrapping the product does not necessarily lead into disposing the package, but using it for a total new purpose. This type of packaging use is a very new idea, which may become an important element for future business strategies among packaging.

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