

Product and Brand Management
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Lecture No. 27
Product Pricing & Packaging

Hello friends. Welcome back to pricing, a very important part of product and brand management. We have seen till now how various forms and types of pricings are actually strategic in orientation. Further, we would be moving ahead with a few techniques associated with pricing. But primarily, I will initiate this discussion with promotional pricing. In consonance with this discussion, I would be taking you ahead with some elements of packaging, distribution and promotion, which are an integral part of product and brand management and we have talked about this correlation earlier as well.

Let us see how promotional pricing works and I will be brief in this kind of a discussion. Some of these aspects are quite explicit in nature, and one can refer to the slides provided to you and the literature as well. References are clearly given with every slide, and I will be descriptive, wherever the perspective has to be elaborated upon.

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Pricing Strategies: Promotional pricing

- Promotional pricing is when prices are temporarily priced below list price or cost to increase demand
 - ✓ Loss leaders
 - ✓ Special event pricing
 - ✓ Cash rebates
 - ✓ Low-interest financing
 - ✓ Longer warranties
 - ✓ Free maintenance

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.

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So, promotional pricing is when prices are temporarily priced below the list price to increase demand. The strategic perspective here is that when special event pricing has to be done, cash rebates have to be done, and low-interest financing has to be done, it is promotional in character.


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SOME SPECIFIC PRICING Techniques


Complementary Pricing

This applies to products that are used together when one of the products fills a sustainable need. For e.g., HP printers and printer cartridges,

Complementary pricing is also used for services that have fixed and variable components to price. For e.g., Electricity/ Water bills have a fixed monthly fee and a variable usage fee.





HP DeskJet 1212
Printer (7WN07D)
₹2,499



HP Black & Tri-color
Dual Pack Original
Ink Cartridge...
₹1,528.00

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.

4

There are some specific techniques, for example, complimentary pricing, which applies to products that are used together and when one of the products fills a sustainable need. For example, HP printers and printer cartridges, or any printer for that matter along with the cartridges.

Hence there is a complimentary pricing associated with that and this pricing has been very important in due course of time. One would have realized that the price of the printers kept on reducing in due course of time and as and when the usage increased, the price of the cartridges got sustained and the total profitability rules actually. Thus, complementary pricing is also used for services that have fixed and variable components. For example, electricity and water bills have a fixed monthly fee and a variable usage fee as such.

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SOME SPECIFIC PRICING Techniques

Value Pricing

- Value-based pricing is the method of setting a price by which a company calculates and tries to earn the differentiated worth of its product for a particular customer segment when compared to its competitor.^[1]

Now let's apply value-based pricing by considering each part of the definition carefully:

1. Focus on a single segment.
2. Compare with next best alternative.
3. Compare with next best alternative.
4. Compare with next best alternative.

Source: Dholakia, U. (2016, August 9). *A quick guide to value-based pricing*. Harvard Business Review. <https://hbr.org/2016/08/a-quick-guide-to-value-based-pricing>

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5

Other techniques include value pricing. For example, value-based pricing is the method of setting a price by which a company calculates and tries to earn the differentiated worth of its product for a particular customer segment when compared to its competitors. They focus on a single segment and compare it with the next best alternative, and so on.

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SOME SPECIFIC PRICING Techniques

Value Pricing

To understand how value-based pricing works, let's take the example:

- Brand A that is about to launch a new LED television. It wants to figure out the price for its new 65-inch LED TV, the biggest screen size in the marketplace at the time.
- The company's closest competitor, Brand B, recently introduced a 60-inch TV for Rs. 54,000. Both TVs have other features that are similar — both have built-in WiFi, the same level of definition, same number of HDMI inputs, same refresh rate, and so on.
- How much will big-screen TV shoppers pay for an extra 5 inches of screen size?

Let's say it is \$15 to \$799, Brand B's price.

- The value-based price of Brand A's TV is \$949. To accomplish this step, marketers typically use research methods like conjoint analysis or qualitative customer interviewing.

Source: Dholakia, U. (2016, August 9). *A quick guide to value-based pricing*. Harvard Business Review. <https://hbr.org/2016/08/a-quick-guide-to-value-based-pricing>

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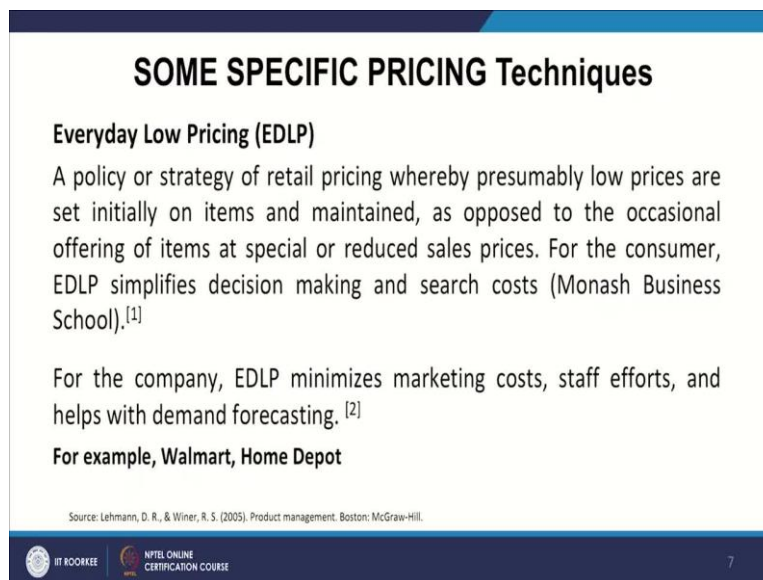
To understand how value-based pricing works, let us take one example. Brand A, which is about to launch a new LED television, wants to figure out the price for its new 65-inch LED TV, the biggest screen size in the marketplace at the same time. The company's closest competitor, brand B, recently introduced a 60-inch TV for rupees 54,000. Both TVs have other features that are similar. Both have built-in Wi-Fi, the same level of definition, the same

level of HDMI input, similar refresh rate and so on. How much will big-screen TV shoppers pay for an extra 5 inches of screen size?

Let us say it is to the level of a few hundred thousand rupees or \$15 to \$800 or so, as the case describes. The value-based price of a brand A's TV is around \$1,000 or in Indian Rupees around 65,000-70,000 rupees. To accomplish this step, marketers typically use research methods like conjoint analysis or qualitative customer interviewing wherein the comparison is the mainstay.

Hence, this kind of exercise is done. Why I described this slightly in front of you because many times when you have to decide a price you just go or you just do not go along with the ongoing rates or markups. You introduce something and try to analyse that with the perspective of customer response before actually leading it towards being a strategy in itself.

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SOME SPECIFIC PRICING Techniques

Everyday Low Pricing (EDLP)

A policy or strategy of retail pricing whereby presumably low prices are set initially on items and maintained, as opposed to the occasional offering of items at special or reduced sales prices. For the consumer, EDLP simplifies decision making and search costs (Monash Business School).^[1]

For the company, EDLP minimizes marketing costs, staff efforts, and helps with demand forecasting.^[2]

For example, Walmart, Home Depot

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.

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Some other techniques include everyday low pricing. A policy or strategy of retail pricing, whereby presumably, low prices are set initially on items and maintained as opposed to the occasional offering of items at special or reduced sales prices. For the consumer everyday low pricing simplifies decision-making and search costs. And there are several examples I talked about, weekly reducing prices also, which were introduced by several mobile companies or handset companies around the world.

Many times this kind of pricing is meant to attract the people who are taking time in decision-making to purchase the product and on the other side, many times this kind of pricing is

introduced for people who not only want to decide late but would not buy the new technologically innovative product, which the company is introducing in quick succession.

For example, if a mobile manufacturer wants to introduce a model within 6 months or a year, they have a number of customers for the existing handset in their view. So, if they want to capture the complete number of customers, there would be few customers who would either wait for the new model or would go for an alternative because of a particular kind of price. Thus looking at that particular segment or number of customers, you reduce the prices so that, getting attracted by that price, they move towards your offer.

On the other side, you are ready to come up with a new technological innovation which you have planned for, by not engaging too much in the sales of the existing equipment.

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SOME SPECIFIC PRICING Techniques

Hidden Price Increases

- A policy or strategy to raise prices without explicitly increasing the posted price.
- For example, Kimberly-Clark tried to sneak in a 5 percent price increase by cutting the number of diapers in each package of its Huggies brand of disposable diapers.

Price Discrimination

- Price discrimination maximizes products' profits by charging each market segment the price that maximizes profit.
- It is difficult to implement a price discrimination policy, particularly in consumer markets, due to the fragmentation of the customer base and the existence of firms that buy at one segment's low prices and resell to others (such as consolidators in airline tickets).

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.

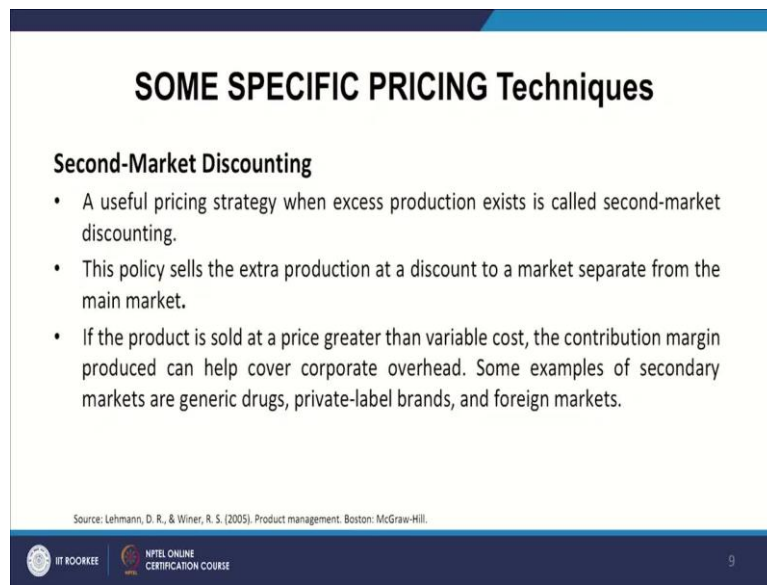
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Hidden price increases are also there, a policy or strategy to raise prices without explicitly increasing the posted price. For example, Kimberly Clark tried to sneak in a 5 percent price increase by cutting the number of diapers in each package of its Huggies, a brand of disposable diapers. It is not there and they are actually deceptive basically.

But when you offered a particular package or packet of product, though you are offering a larger number of goods or weight of the product or whichever way you want to measure that, the price slightly is a hindrance for the customer to move towards that product. So, while putting up a reduction in price, you reduce an optimal portion of that particular packet and somehow customer gets attracted because that resolves a meeting point somewhere between the customer's perspective and his need as well.

So, price discrimination maximizes product profit by charging each market segment the price that maximizes profits. It is difficult to implement a price discrimination policy, particularly in the consumer market due to the fragmentation of the customer base and the existence of firms that buy at one segment's low prices and resells to the others, such as consolidators in airline tickets and so on.

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SOME SPECIFIC PRICING Techniques

Second-Market Discounting

- A useful pricing strategy when excess production exists is called second-market discounting.
- This policy sells the extra production at a discount to a market separate from the main market.
- If the product is sold at a price greater than variable cost, the contribution margin produced can help cover corporate overhead. Some examples of secondary markets are generic drugs, private-label brands, and foreign markets.

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.

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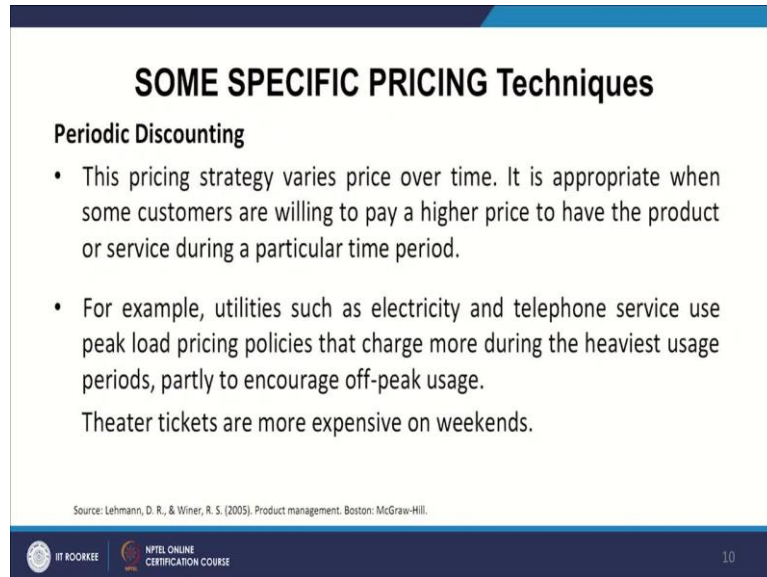
Second-market discounting is also there. A useful pricing strategy when excess production exists is called second-market discounting. This policy sells the extra production at a discount to a market separate from the main market. If the product is sold at a price greater than the variable cost, the contribution margin produced can help cover corporate overheads and so on.

The idea that we are getting through these techniques, and why am I calling these techniques because these may not be permanent in nature and can be introduced as per the time's requirements, is that they can be introduced for bringing coherence between your production, processes and the pressure from the competition and the fluctuating requirements and desire of the customer.

In the mobile phone, for example, a customer is having a handset and wants another handset but does not want to switch over from his existing product, because they may have purchased that recently, but still would like to have another because of some requirement now. That is where reducing pricing might work.

There are several reasons for that and that would justify your forecast in terms of how many products to produce and so on and when to change the orientation of the line towards different kinds of a product with a variation. Here almost everything that we have discussed is coming to us with a concentric focus on price as a strategy.

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SOME SPECIFIC PRICING Techniques

Periodic Discounting

- This pricing strategy varies price over time. It is appropriate when some customers are willing to pay a higher price to have the product or service during a particular time period.
- For example, utilities such as electricity and telephone service use peak load pricing policies that charge more during the heaviest usage periods, partly to encourage off-peak usage.
Theater tickets are more expensive on weekends.

Source: Lehmann, D. R., & Winer, R. S. (2005). Product management. Boston: McGraw-Hill.

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There is also periodic discounting, and this can be thought of with an example like utilities such as electricity and telephone service. Electricity and telephone services use peak load pricing policies that charge more during the heaviest usage periods, partly to encourage off-peak usage. This can be seen along with the case mentioned of Wednesday's pizza prices. So, that can also be a periodic time-based kind of pricing perspective.

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Steps in Setting Prices

- These are the six steps in determining a price for an item:
 1. Determine pricing objectives.
 2. Study costs.
 3. Estimate demand.
 4. Study competition.
 5. Decide on a pricing strategy.
 6. Set price.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver: (2018). *Principles of marketing 17th ed. (17th ed., Global Ed.)* Harlow: Pearson.

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Now, there are some steps in setting prices. Up till now, we have seen the strategic perspective and let us now look at a methodological perspective. Largely these are six and I have always been saying that this is an evolving kind of a thing basically, you may add on or you may reduce or club a few of the steps as per your understanding and desire, this can always be done.

But to broadly look at it we have six steps. Determine pricing objectives, that we have seen, study costs, one has to look into costs and that too with a very fine point of view, estimating demand, is very crucial and I am not talking of forecasting but large estimation of demand. Keeping all the factors in view looking at competition, we have talked about competitors analysis, deciding on a pricing strategy, reaching which price is to be introduced, and then setting the price.

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Steps in Setting Prices

1. Determine pricing objectives.

- ✓ What is your purpose in setting a price?
 - Do you want to increase sales volume or sales revenue?
 - Establish a prestigious image?
 - Increase your market share and market position?

Answering these questions will help you keep your prices in line with other marketing decisions.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.) Harlow: Pearson.

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Objectives, definitely, which way we want to look at it, for how long the product would be remaining in this form in a particular trajectory as far as the lifecycle situation goes. What is the number of customers we are looking at, what would be the repeat purchase kind of context associated with a particular product, is it a durable or a non-durable or a consumption product or consumable or whichever way? Then we have to think about almost everything while setting the objectives and the rest is explicit to the slide.

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Steps in Setting Prices

2. Study the Costs

- ✓ Since the main reason for being in business is to make a profit, consider the costs involved in making or acquiring the goods or services you will offer for sale.
- ✓ Determine whether and how you can reduce costs without affecting the quality or image of your product.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.) Harlow: Pearson.

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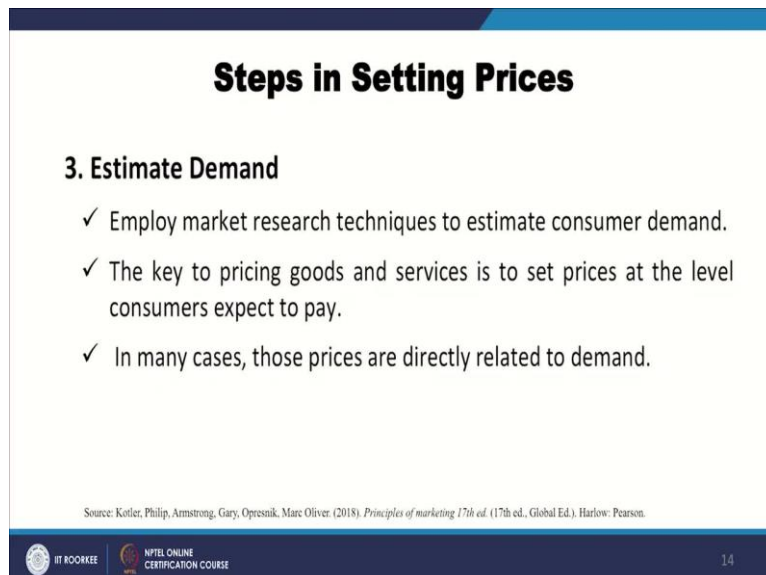
13

Studying the cost. Now, since the main reason for being in business is to make a profit, one has to consider the costs involved in making or acquiring goods or services when offered. And cost analysis is again from start to end in the case of a particular product that is

individualistic, although, it can be seen with a category cost perspective also, but again, only and only if the raw material sources are quite universal. So, the purchasing perspective is there that you have purchased this much raw material, and then you are shaping it into different kinds of products within a category and so on.

But, again, it has several complexities, because of the human resource involvement, the costs of that, and then, research and development associated with that and especially in terms of an ongoing R&D perspective, it is a complex situation. I would not go into the mathematics of that or let us say analysis of that, but just to give you an idea, we have to study it with a fine perspective. Here product manager takes help from almost everyone involved in the cost structure analysis.

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Steps in Setting Prices

3. Estimate Demand

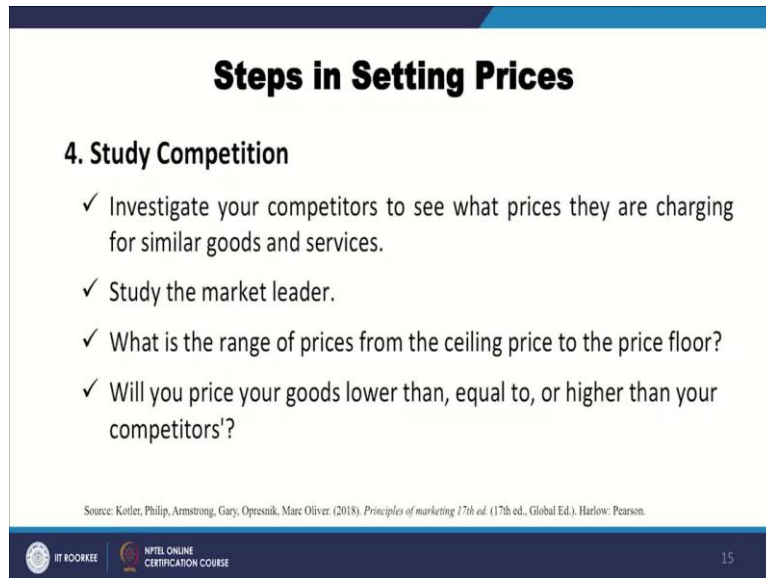
- ✓ Employ market research techniques to estimate consumer demand.
- ✓ The key to pricing goods and services is to set prices at the level consumers expect to pay.
- ✓ In many cases, those prices are directly related to demand.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.

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Demand estimation employs market research techniques to estimate consumer demand. You have to go to the customer and not just talk about the intent but talk about the willingness and commitment to purchase. How to go about it? Reflexivity is the key, but people engage several survey techniques, and several quantitative analysis techniques, especially in the case of products which are not very new, they have been used in one or the other form and so on.

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Steps in Setting Prices

4. Study Competition

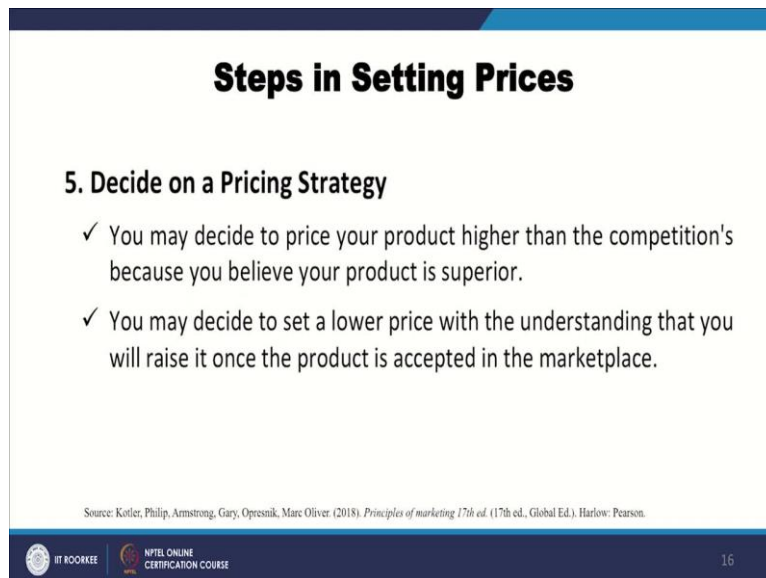
- ✓ Investigate your competitors to see what prices they are charging for similar goods and services.
- ✓ Study the market leader.
- ✓ What is the range of prices from the ceiling price to the price floor?
- ✓ Will you price your goods lower than, equal to, or higher than your competitors'?

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.

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Competition analysis we have talked about, so, it is quite well described there as well as here in front of you. Investigating the competitors to see what prices they are charging for similar goods and services and what is their analysis in terms of growing demand and how they look at it.

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Steps in Setting Prices

5. Decide on a Pricing Strategy

- ✓ You may decide to price your product higher than the competition's because you believe your product is superior.
- ✓ You may decide to set a lower price with the understanding that you will raise it once the product is accepted in the marketplace.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.



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Steps in Setting Prices

6. Set Price

- ✓ After you have evaluated all the foregoing factors, apply the pricing techniques that match your strategy and set an initial price.
- ✓ Be prepared to monitor that price and evaluate its effectiveness as conditions in the market change.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.



17

Then one must decide on the pricing strategy. Now, one may decide to price the product higher than the competition, because one believes that the product is superior. One's belief is one thing, how one can actually justifiably project that belief in front of his customers is the other thing, we will see, how it is done, when we will be talking about the promotional aspect, just after the session.

You may decide to set a lower price with the understanding that you will raise it once the product is accepted in the marketplace and then price setting comes in, so, it is a step-by-step kind of a thing, but involves lots of analysis.

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Common Pricing Mistakes

- Determine costs and take traditional industry margins.
- Failure to revise price to capitalize on market changes.
- Setting price independently of the rest of the marketing mix.
- Failure to vary price by product item, market segment, distribution channels, and purchase occasion.

Source: Kotler, Philip, Armstrong, Gary, Opresnik, Marc Oliver. (2018). *Principles of marketing 17th ed.* (17th ed., Global Ed.). Harlow: Pearson.



18

There are some common pricing mistakes also like determining costs and taking traditional industry margins, which may not be valid for you. Then, failure to revise prices to capitalise

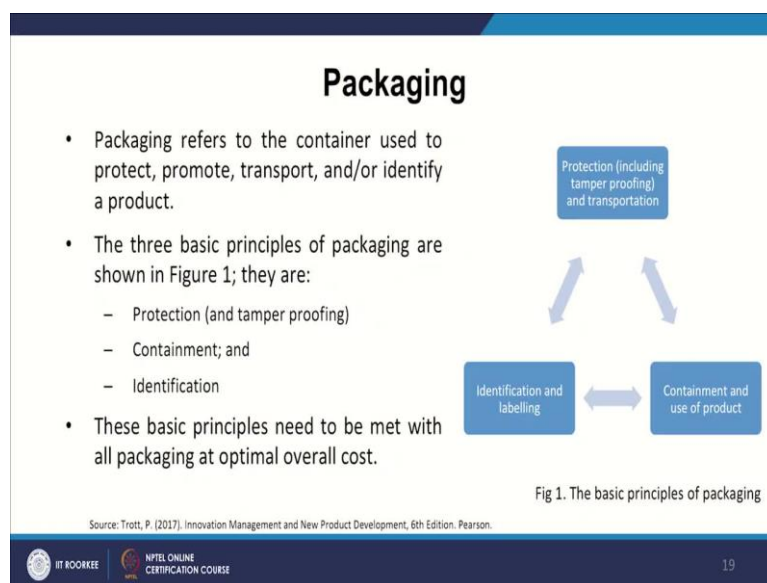
on market changes, and foreseeing market changes is a very important thing, one has to do in terms of looking at how prices may fluctuate and that depends upon several components.

So, you have to be vigilant in terms of what is happening. For example, recently there was an incident, and it is common one these kinds of incidents they do happen, some microprocessors were delayed as far as their manufacturing goes, which affected the automotive industry and fluctuated the prices in terms. The automotive industry had to absorb it somehow, but their margins got reduced on the other side, which affected some processes.

Either you have to offset these kinds of fluctuations, but you can do that only if you are very large. If you can do that, otherwise, you are dependent upon these fluctuations, but how would you foresee these fluctuations? That is what one has to do to keep a visual of what is happening around you. Setting price independently of the rest of the marketing mix. Now, that is a very-very big kind of gap which must not be there, everything should be in consonance with everything.

Now, I will be taking you towards product packaging. One of the most important components and has become prominent as well. I have talked about this earlier with some strategic aspects, but here I would go through a brief description of this. We can justify that, we look at packaging as part of the components in terms of distribution as well and representation of the product as well and on the other side, a carrier and a vehicle to be used in promotion as well.

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Packaging refers to the container used to protect, promote, transport and or identify a product. The three basic principles of packaging are, as described in the figure. One is protection, including tamper proofing and transportation, then identification and labelling and containment and use of the product. These basic principles need to be met with all packaging and optimal overall costs.

One of the most important elements you would realise is that protection is an implied kind of element. Labelling has to be there, but labelling has to be utilised with the perspective of extending valid relevant information and that is very important. For example, in terms of pharmaceuticals and food products, because ingredients have to be explicit there, labelling matters a lot. And then, containment and use of product definitely.

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Protection

- Packaging has a primary role in preserving product integrity by protecting the product against potential damage from climatic, bacteriological and transit hazards, plus any other hazards to which the product is likely to be exposed on its journey from manufacturer to the end consumer.
- **Tamper-proof packaging**
- These could be in the form of bubble wraps, blister package, strip package, lidding films, heat shrink seals, film wrappers, paper etc.
- E.g., Zomato uses tamper-proof packaging where seal can only be broken by cutting off the top-end strip.
- Pharmaceutical companies using opaque blister packages and removable top seals for tamper-proof packaging.

Source: Trott, P. (2017). Innovation Management and New Product Development, 6th Edition. Pearson.
Image Source: Pixabay

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See, I will not go much deeper into as far as the complete protection scenario goes, we all understand. But for example, Zomato uses tamper-proof packaging where the seal can only be broken by cutting off the top-end strip. Now, this not only justifies the fact that food has reached you as it was packed, not tampered in between, plus it was packed in a fresh mode, so it remains fresh up till the point it reaches you and the packaging justifies that.

These kinds of elements are very important. Not only it affects the brand positively, but also, you have ordered something, you are sitting at home you want fresh food and that is what you require. The whole of the consumer products industry especially the food industry and ready to cook food industry and frozen food industry all is dependent upon packaging actually.

Milk industry, milk products industry, and ice cream industry, Amul is reaching to all corners of this country because of their Tetra packs and packaging and so on. Before they were not so aggressive and as far as their packaging and packaging technology goes they were not distributing it to the farthest corners of the country. They have increased in distribution not primarily because of this, but this is one of the most prominent reasons for that. That is where packaging plays a very important role and it becomes the reason for enhancing the sales levels many times.

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Containment

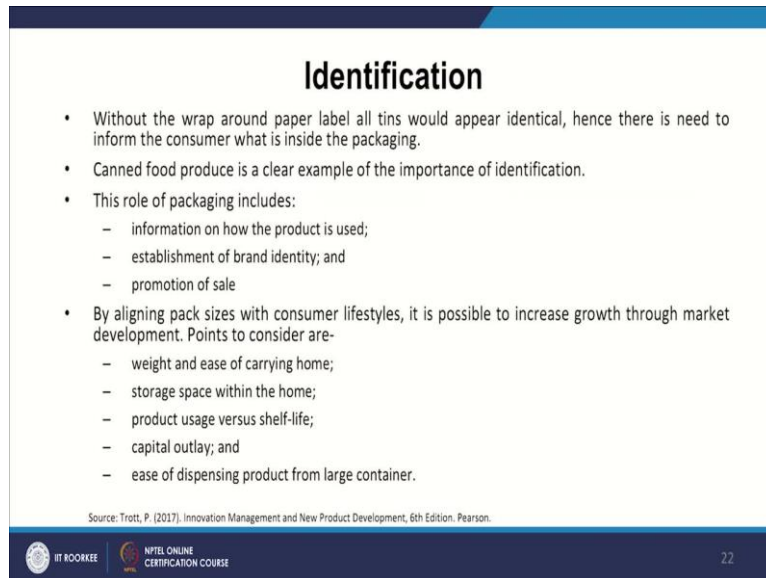
- There is a requirement for such packaging to have dispensing and resealing features for fluids like milk, orange juice and hair spray.
- Effective containment clearly involves ensuring the pack does not leak, fall apart or otherwise annoy the end user.
- Caps that do not reseal properly, bags that split on opening, and cartons that fall apart are irritants, and they deter repeat purchases.

Source: Trott, P. (2017). Innovation Management and New Product Development, 6th Edition. Pearson.

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Containment again has a similar kind of element. There is a requirement for such packaging to have dispensing and reselling features for fluids like milk, orange juice and hairspray and so on, I have just mentioned that.

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Identification

- Without the wrap around paper label all tins would appear identical, hence there is need to inform the consumer what is inside the packaging.
- Canned food produce is a clear example of the importance of identification.
- This role of packaging includes:
 - information on how the product is used;
 - establishment of brand identity; and
 - promotion of sale
- By aligning pack sizes with consumer lifestyles, it is possible to increase growth through market development. Points to consider are-
 - weight and ease of carrying home;
 - storage space within the home;
 - product usage versus shelf-life;
 - capital outlay; and
 - ease of dispensing product from large container.

Source: Trott, P. (2017). Innovation Management and New Product Development, 6th Edition. Pearson.

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In identification, canned food production is a clear example of the importance of identification. The role of packaging includes information on how the product is used, the establishment of brand identity and the promotion of sales. See, there are several elements of labelling wherein you make the ingredients explicit, but you require people to tell people to know how to use this product.

Many times, you would find, let us say, toys which are to be assembled or reassembled by children for playing, they just have a paper describing what kind of shapes you can make and how and that is sometimes inserted there. But now people have started interestingly projecting that thing onto the packaging itself.

As soon as a young child goes to a shop along with his elders to purchase this kind of toy, on the box itself it is explicit what he would find in store in the box actually. That is a wonderful kind of thing and there are several other elements too, as far as identification goes.

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Identification

- Identity is not simply a function of graphics; it can also be a function of shape.
- Shape can provide the unique brand identity for a product, or it can place the product in a specific market sector.
- For e.g., Paperboat packaging itself incorporates Doypacks, the shapes of which are designed to feel like squeezing a fruit.
- To make it easier for people to apply oil on their hair, Indulekha introduced a 'selfie' bottle in 2014 which incorporated a comb-shaped cap.

Source: Trott, P. (2017), Innovation Management and New Product Development, 6th Edition, Pearson.
Image Source: www.paperboatdrinks.com/, www.indulekha.co.in/



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Here are two wonderful examples. Paperboat packaging itself incorporates Doypacks, the shapes of which are designed to feel like squeezing a fruit. Paperboat has become famous for this kind of packaging they are offering in its drinks. It not only actually gives us specific positioning to the product, but it can also be identified wherever they are kept and then it has a particular resonance with the kind of product it carries actually. You want to squeeze it while drinking, so that actually makes a lot of sense.

To make it easier for people to apply oil to their hair Indulekha introduced a selfie bottle in 2014 which incorporated a comb-shaped cap. Now this is again, just put that bottle on the hair and just keep on swaying it on the hair and then that comb structure evenly spreads the oil or the liquid or the product evenly within the hair. Otherwise, you have to rub it through your fingers, very good interesting idea and very innovative too.

So, this can also be thought to the perspective of product innovation as such, but not the core product packaging. So, this example talks about packaging to be an integral part of product usage and comfort which it generates for the consumer for using the product.

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Labelling

- As well as the functional requirements that the label has to perform such as providing information on the following:
 - Source of the product
 - Contents
 - How to use the product
 - Universal product code (UPC) or bar code (used by retailers and producers for price and inventory control purposes)
 - Warnings
 - Certifications
 - How to care for the product
 - Nutritional information
 - Type and style of the product
 - Size and number of servings.

Source: Trott, P. (2017). Innovation Management and New Product Development, 6th Edition. Pearson.

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Labelling, I have talked about it and the details are there, so you may pursue that. There are several elements of warnings and certifications also included in labelling and there are some legal aspects which are to be mentioned on the labels also by law which is compulsory. Hence, labelling resolves many kinds of purposes.

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Characteristics of Packaging

| Package purpose | Development considerations |
|-------------------|--|
| Dispense | Access; portion control, e.g., built in measure; pouring |
| Storage | Stackability; location: refrigerator, bathroom, kitchen |
| Stability | Storage life, especially after opening |
| Handling | Ease of use for intended purpose |
| Opening/resealing | Appropriate to task i.e., frequency of use |
| After use | Secondary use (e.g., as storage container) |
| Disposal | Ease of disposal |

Source: Trott, P. (2017). Innovation Management and New Product Development, 6th Edition. Pearson.

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There are several characteristics of packaging. Packaging's purpose is to dispense, enable storage, bring in stability, make handling easier, and then disposal as well. Today in the era, when we are focusing on sustainability, almost all packaging material is designed for recycling and reuse. That is one part and if somehow you cannot do that, then that material

can be disposed of in a sustainable manner wherein, it should not become part of the huge waste which has been created around this world.

This is how organizations are looking as far as the packaging perspective goes. So, here comes a stage wherein packaging is associated with a sustainability perspective as well and it is a very big deal, because the larger the consumption, the larger the levels of packaging become in this world.

I will stop my discussion on the techniques of pricing, which I discussed with you a few minutes back. The importance of packaging and labelling comes as again as a strategy or with a strategic perspective. I would end with a very important example, that I have mentioned earlier in my earlier videos. IKEA furniture wrote history when they started utilising their packaging. From the packaging perspective that is a dimensional aspect of packaging rectangular boxes to re-structure their production processes, the complete design elements of the products and the processes and the rest is history. They have enabled themselves different kinds of an edge because of that thinking process.

There are several articles written on Ikea furniture, and there are several case studies written on IKEA furniture. They show explicitly how they are using that in many of their videos available on YouTube, watch those, enjoy those and think of packaging as an important part of Product Management. I will come back to you with a discussion on distribution and promotion in my next session. Till then, goodbye.