

Best Practices in Retail-Product Packaging

EXECUTIVE SUMMARY

- Research shows that in many cases, shoppers see the secondary packaging first.
- Poor secondary packaging simply repeats or even blocks a marketing communication instead of complementing it.
- The essential skill sets for a retail-product packaging project team include packaging, shopper marketing/merchandising and category management.
- Motivating shoppers to buy a second or third product is considered the golden opportunity.
- Items that can be linked to usage occasions tend to grow categories. Retail-product packaging that speaks to this includes “on-the-go packs,” “sharing packs” or “camping packs.”
- New product launches are one area where retail-product packaging is underused.
- Shoppers only give new products five to 10 seconds of consideration, and if they’re still not sure what they are buying, they walk away.
- Research shows a negative correlation between an overly busy in-store communication and a shopper’s interest in engaging with it.
- Once shoppers are in the aisle, they look straight ahead, so spend money from the ground up, either at arm level or eye level.
- With holiday packs, the desire to create a dramatic “gift” that looks different from everyday packaging risks losing the visual equities of the brand and the positives associated with it.
- Club store shoppers are hyperconscious about not making mistakes because of the large quantities, and are less likely to try a new product.
- Club shoppers are very concerned about waste, so the messaging on retail-product packaging should reassure them that the package will “break bulk” easily and in the right ways.

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This white paper addresses some of the design, shopper communication and project management challenges posed by a very special category of packaging; one so special that different organizations refer to it by different names: "secondary" packaging ... "shelf-ready" packaging ... "retail-product" packaging ... or as one marketing chief put it, "packaging that lands at retail and actually does something to help sell the product."

For CPG brands and shopper marketers, retail-product packaging includes things like special packs for club retailers, gift sets for seasonal sales and high-visibility packaging that reveals and protects another product inside. But quite often, these shorter-run projects can be tricky to manage effectively. In most companies, primary packaging is developed by one group of specialists while merchandising is managed by another. Quite often, they operate not only in different geographies but in different organizational silos as well. Getting their sometimes dramatically different priorities aligned requires careful planning, monitoring and, sometimes, clear direction from upper management.

There are many other balancing acts as well, most notably the need to align brand imagery with a retail chain's objectives, particularly during seasonal promotions. For every brand executive who understands that the management of retail-product packaging requires a holistic approach, there probably are several who dismiss it as "just another box."

This report takes the form of an extended Q&A with Scott Young, one of the industry's foremost packaging experts and a pioneer in the use of research technologies such as eye-tracking, facial coding and virtual shopping. In addition to being a successful author, columnist and college lecturer, Young has consistently been one of the Path to Purchase Institute's highest-rated, best-attended seminar speakers for nearly two decades.

The illustrations used throughout are best-in-class examples of retail-product packaging that were designed and produced by the report's sponsor, Menasha.

First, let's talk about packaging in the broader context. What are some common misconceptions about its role on the path to purchase?

SCOTT YOUNG: A lot of marketing executives think of packaging as a marketing medium, and to some degree they're right. But packaging is not an advertising medium. Advertising, particularly television, is all about implanting a message that hopefully people will act upon later. With packaging and shopper marketing, you're "buying" space in a store, so to speak, and hoping to catch attention. Packaging is not about getting people to remember a message and act upon it later; it's about translating visual

attention into interest, then physical engagement and, ultimately, driving a purchase.

I actually hesitate a little when asked to focus on the word "packaging" because our mission centers around the idea of "winning at retail." The point I make constantly to clients is that you can't talk about great packaging without understanding the whole experience that a shopper has at the shelf, in the store and, today more and more, online.

So we need to stop thinking in terms of "do we all like" a package's shape or color, and focus on shopping behavior and helping companies drive purchase. That includes packaging, of course, but it also means point of sale, shelving, merchandising, category management – everything.

Shoppers only give new products five to 10 seconds of consideration, so effective retail-product packaging must quickly and clearly communicate exactly what they are buying.



Are you saying that all marketing along the path, from ads to aisle, should be integrated?

YOUNG: There's value in continuity, no doubt, but whether you need pure, rigid integration or not is debatable. But the fundamental reality that we see, across categories and even countries, is that shoppers are confronted, in aisle after aisle, with literally hundreds of choices. And they are overwhelmed.

What brands do, essentially, is provide shoppers with short cuts that make shopping easier, and reassurance that helps prevent mistakes because they know what they are buying. So when you can create consistency and continuity in visual appearance – through imagery, colors, shapes or iconography – and what they see online looks a lot like what they'll encounter in a store, it helps people.

We're constantly asked: "Should our presence online be fundamentally different from our presence in-store?" No doubt, when shoppers are online they may be at a different stage in the process with a different mindset. Nonetheless, by and large, whether online or in-store, what shoppers are really looking for is reassurance that what they are seeing is the brand that they know and trust.

What do you think of when you think of retail-product packaging – aka shelf-ready or secondary packaging?

YOUNG: I think of myself coming down the aisle in many stores – mainly mass, club or dollar stores – and encountering various executions that take single pack-

Pushing Purchase with Gifting

SCOTT YOUNG: When it comes to gift packaging, you really see a wider range of quality and execution than you see on mainstream packaging. Most companies don't put a lot of rigor or research into this area. Instead, the marketing and design team tends to rely on intuition. And sure, you do see some really wonderful, creative ideas; but you also see a lot of executions that just completely miss the mark.

One thing we see quite often on gift packaging is that the marketer loses sight of the equities of the brand. When shoppers go into these enormously cluttered and sometimes visually overwhelming stores, they are looking for reassurance and hunting for visual cues that will remind them of brands they know and trust.

But quite often with holiday or gift packs, the design and merchandising team wants to make it look dramatically different from the everyday package – it's supposed to be a gift, after all. But when you go too far away from your everyday look, you lose the visual equities of the brand and the many positives

associated with it. You may be putting the brand's name on the gift package, but it's not "the brand" in people's minds. It's a very tough balancing act.

We've found that creating a structural difference is one of the best ways to make gift packaging stand out. This enables you to stay true to the colors and icons of the brand while introducing new shapes, delivery systems and even finishes. Yes, maintain your iconic shade of red but

execute it in foil or a metallic finish.

When it comes to gifting, the single biggest question shoppers ask is: "Would I feel proud giving this to someone?" Clearly, that puts a premium on making something feel special, and quite literally, that can mean the tactile feel of the package. So when it comes to gifting, simply going with a different color or message may not be powerful enough. You really should consider a different form factor or finish.



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ages and essentially segment and organize them in one place, together on shelves. So marketers may think of them as being secondary, but they play a huge role in the "First Moment of Truth."

As part of our research, we often photograph store environments and audit retail realities, pointing out things like shelving, lighting and signage, all of which could influence how a product is perceived. And in many, many cases, we'll say, "Hey, do you realize that your primary package is not the strongest point of attention for people? They're all seeing the secondary packaging first."

This shopping moment is absolutely critical. And yet we still see a lot of companies that will do a wonderful job on their primary package, but in the store aisle, what the shopper first encounters is a subpar secondary packaging execution. By poor secondary packaging I mean executions that, at best, simply repeat a communication rather than complement or add to it, and at worst, look cheap, undifferentiated and actually block the communication.

What misconceptions do shopper marketing executives have about retail-product packaging that cause these breakdowns?

YOUNG: They need to understand that it has an enor-

mous impact on how their brands appear at the First Moment of Truth, when shoppers are making purchase decisions.

A lot of marketing executives think about retail-product packaging in terms of saving money, time, shipping costs and so on. And there's nothing wrong with that unless it's their only focus. The good news is that it's not necessary to spend a lot more money to improve. It's really just about putting some serious thought, extra time and real energy into it, as opposed to just creating something that's purely functional from a shipping and distribution standpoint.

For example, some retail-product packaging designs look and work well when they are full. But has anyone given any thought to what happens when half of the packages aren't in there anymore? Are the remaining ones falling down? Does the unit look half-finished?

To put this in another perspective: Did you know that only a little more than half of the packaging we test actually tests well? And this is using a fairly broad definition of success – driving more sales, usually, but also other measures like moving the brand forward, meeting action standards, etc. So what's the problem? A lot of it has to do with executives running into these projects, facing time-lines and deadlines.

According to Menasha's new "Voice of the Customer" research, brand executives feel they simply don't have the time to do things properly.

YOUNG: The mantra from the insights community, who we usually deal with day to day, is almost always that "speed is mission-critical." They don't want to compromise, but they always need answers quickly. A lot of brand marketers seem to be incented to do more and more, which makes them frantic, but then good ideas can fail because they aren't executed or supported properly.

With new products especially, we argue that doing 10 new product launches with enough support to work is almost always better than doing 30 in a half-baked way, hoping that something will stick. One of our more successful clients has a mantra: "Let's do fewer, bigger, better."

Rush jobs seem the norm in the retail-product packaging area. You hear about Walmart telling Brand No. 2 that Brand No. 1 dropped out of a promotion at the last minute, and then asking, "Could you do this in six weeks?"

YOUNG: But these are things that you can and should plan for, on a contingent basis. Rather than just giving in to the idea that, "Hey, it's always going to be crazy and we just need to turn on a dime," explore some contingencies with your vendors. There are things you can be prepared for – themes, product priorities, messages – so get some things locked and loaded, so when a request comes in we're not starting at zero – we're two-thirds of the way there.

What are the essential skill sets that need to be represented on a retail-product packaging project team?

YOUNG: At a minimum you need to be optimizing retail presentation. And that means thinking about the packaging, which usually is tied to the brand; the shopper marketing/point-of-sale/merchandising effort; and thirdly, the category-management assortment effort. If those three aren't working together in any way, shape or form, you're losing an opportunity.

Menasha's customer research says intra-organizational conflict can be a real problem. It seems like the brand executives are at HQ, the retail-account teams are off-site, and the technical packaging expertise is in its own silo.

YOUNG: Every organization is different, but in general, the silos you've described are definitely true. There are different cultures and, yes, stereotypes, that tend to separate marketing from the packaging engineers, for example. A lot of it is just out-of-sight, out-of-mind: "We didn't mean to exclude the engineers – we don't even know who to talk to." But whether due to turf battles or not, you often have communication breakdowns where executives truly are not talking to each other.

We also see many instances where the brand executives know their product so well, inside and out, that they can no longer relate to the perspective of the average shopper who not only doesn't know much about the product, but is only going to spend five or 10 seconds with it. Sounds simple, but when you've spent three years living and breathing nothing but a particular

Giving Voice to the Customer

What's on the minds of packaging customers these days? Menasha executives sought to find out, commissioning a series of interviews with 31 representatives from 18 client companies, inquiring into their work "pains" and seeking to identify hoped-for "gains" from solutions. Not surprisingly, the May 2015 report (prepared in conjunction with Hanover Research) lists limited-time availability, retailer alignment, and divisions within their own organizations as being among the biggest barriers and difficulties they face.



Lack of adequate time was the source of deepest frustration, according to Menasha's report, with the difficulty of starting projects on time singled out as a special concern.

Intra-organizational conflict was also cited, with differing objectives across different divisions (i.e., procurement, marketing and communications) listed as

an ongoing issue. "We are a huge team with a lot going on," said one marketing executive, pointing out that one big task was "letting people know who has 'decision-making rights' in certain areas." Project management was another key concern: respondents said managing too many initiatives makes completing tasks between internal teams difficult.



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Core Principles of Effective Club Packaging

SCOTT YOUNG: Clubs present a very different visual environment. We see a lot of variation in quality when it comes to packaging and retail presentation in club stores because most companies focus their energies on their primary packaging for grocery, Walmart or drug. Some companies do think long and hard about how to translate their primary packaging into club store packaging, but far too many simply slap the same look onto their club package, and that often doesn't work well when you are on a pallet, for example.

Choose carefully. Maybe you should be emphasizing a different selling proposition – a special quantity, resealability or some other feature that's unique to your club pack. Most companies won't have the wherewithal to test every club package they want to put into the market, but they should, at the very least, operate with some core principles about how they want to be perceived in this space, which again, is very different from grocery or mass.

Consumers have different things in mind when they are shopping in the club

channel, where they are making, in many cases, bigger purchases. There's a value-driven mentality, of course, but "value" doesn't necessarily mean the lowest price. It may mean "buying stuff that I know I'll use."

Club shoppers are also hyperconscious about not making mistakes because of the large quantities, and they are a lot less likely to try a new product or take a chance. They don't want a ton of something that they discover their kids don't like. It's more about buying what's familiar, so marketers need to make sure they convey that.

Also, when shoppers are buying a large quantity of product, they wonder if they can store it in their homes properly so they won't waste a lot of it. So the



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messaging on retail-product packaging can be really important in providing reassurance that this huge box will "break bulk" – into individual packets, for example – easily and in the right ways.

product category or brand, you lose perspective.

So you better have a formal process that communicates, at the outset of major initiatives, with all of the silos and gets everyone's voice engaged. With one major client we've been focusing on the design brief as a mechanism to get all the right inputs. They started out with the classic mistake – "Let's just take the advertising brief and plop it into our packaging." Instead, we created one design brief for packaging and another brief for shopper marketing: pictures of the store, a discussion of where they were under- and over-performing, hypotheses about what's going on in the aisles, and so on. It's all about getting those folks together, at the beginning, in a systematic and structured way.

If you don't, a couple of things will happen. The further you go down a certain path, people become less and less likely to speak up. Their egos are invested and they don't want to hear from some packaging engineer at the last minute.

And they especially don't want to hear that their new retail-product package – which looks so beautiful in the conference room "and even the CEO's spouse loves it!" – makes no sense in the store. There may be a great deal of signage or merchandising in the aisle blocking communica-

tion; they may not know that this retail-product package is slotted for a bottom shelf, which means it will be encountered a lot differently than at eye level.

For a lot of executives on the brand side, engaging the shopper is secondary to winning a spot on the shelf.

YOUNG: There's always been pushing back and forth between retailers and marketers, but it's become trickier. A lot of retailers are saying things like, "We want to go from being a house of brands to a brand house," meaning, of course, their own brand.

The question is, and it still varies a lot by category, are sales in this space being driven only by the chain's messaging and imagery, and the brand should just accept whatever's available; or is the brand driving shoppers to that chain right now, and it should assert some control?

But there is a third way. Retailers want marketers to provide solutions that will not only grow their brands but show evidence of category growth and an ability to drive incremental purchases – and that makes perfect sense.

Retailers have a ton of categories and aisles on their mind and, generally speaking, don't have the specialized category expertise that the marketers have. But the

brands need to put the right processes in place to answer questions like, "How do we grow a category and how do we make shopping easier?"

The shopper is, in most cases, primarily habit-driven. It's up to the marketer to do something special at the point-of-sale to get her attention, disrupt her habit and get her to trade up.

Or better yet, get a shopper to buy a second or third product, because persuading shoppers to buy an extra item actually is really the golden opportunity, in a lot of cases. In our experience, the kinds of products that are more likely to grow categories tend to be items that can be linked to usage occasions. Packaging that speaks to this includes "on-the-go packs," "sharing packs" or "camping packs." These concepts tend to resonate better with shoppers and therefore are more incremental than just laying out the same-old "good, better, best" assortment or the umpteenth flavor extension that cannibalizes your base.

We see a lot of retailer style guides in the market. How strictly must they be adhered to?

YOUNG: Well, you have to follow the rules unless you're told you don't, which happens all the time, right? There are ideas in the guides, legibility, for example, and creating simplicity, that make a lot of sense. But what gets visual attention? In a word, it's "contrast." When you have uniform aisles and signage, shoppers tune out.

In one study, we surveyed a marketplace that was dominated by a lot of elaborate beer displays. One competitor, however, just placed a hand-written sign that simply said, "Don't Forget Me." And this cute thing was actually the number one thing our test shoppers played back to us. The unexpected is what gets through to people. Now, this doesn't mean you should go out and just make stupid things. But doing the same thing over and over isn't effective either.

The brand's key account teams that are embedded and

Key Considerations for Retail-Product Packaging

SCOTT YOUNG: The factors that determine whether an execution is a success or a failure will be shaped by a brand's strategy and specific needs in the aisle. But I do think there are some jump-ball questions that should be discussed and analyzed as part of project planning.

Is visibility a concern? A lot of brands, particularly smaller ones, struggle to be seen and they don't sell simply because they don't get considered. So for smaller brands especially, the first goal of a retail-product packaging initiative should be to drive retail visibility. There's no one answer to it, but contrast is the first thing we should think about:

- It can come from color contrast, the most classic being the lead block of red or yellow;
- it can come from a unique shape; and
- sometimes contrast comes from strong visual icons, the "K" in Special K being a prime example.

Where should we focus?

- Spend your money from the ground up, either at arm level or eye level;
- Integrate rather than do elaborate things above the categories;
- Don't spend money on overhead signage, for example, because once shoppers are in the aisle, they're just looking straight ahead.

Do we need to differentiate our product? If part of a large brand family, you may have a high visibility – a wall of green Fructis or Day-Glo Tide – where the packaging creates a brand block, but where individual item shopability is a concern. Here, you should consider using retail-product packaging to convey tiers of variance within a line, or simply call out basic options that help shoppers shop more efficiently.

Do we need to persuade shoppers? You always need to give shoppers quick, clear reasons to buy a certain product, but especially if trying to justify a price premium. It could be many things – efficacy claims or heritage statements, for example. Getting that reason onto retail-product packaging is particularly important if the primary packaging doesn't provide space for that.

Reminder: These kinds of strategic, contingent decisions – messaging and core principles – should be made by brand management and the team in advance

and communicated with vendors (and perhaps even tested) so that they're not always decided in the frantic rush to get projects out.

Can we reference our advertising in-store? There are times when retail-product packaging can be used as a bridge between the primary package and advertising. Traditional advertising can be less tangible because it's so far removed from the actual purchase process, and its visual imagery – somebody running across a field or jumping into water, for example – is hard to replicate on primary packaging. But with shelf-ready packaging, you have permission to be less all-information driven and can cue up positive, emotional imagery that shoppers may have seen in media and connect it to the physical package in front of them.



working directly with the chains certainly bring a lot to the table, but some of them get too close to their retailers and always say yes just to make them happy. Sometimes the rules retailers bring up are very fair and well-reasoned, but sometimes, it's just the whim of one, random buyer. If you knee-jerk react to every demand, you could be compromising the overall brand strategy and end up with a very disjointed look. It may succeed on a tactical basis but it doesn't set you up for long-term success. So when brands are doing line extensions or custom packaging for a certain retailer, someone should be asking, "Where does this lead us for the next time?"



Branding provides consumers with short cuts that make shopping easier, so consistency and continuity in visual appearance is a hallmark of successful retail-product packaging.

Are there areas where retail-product packaging is over- or underused?

YOUNG: I'd say it's definitely underused for new products. New products fail for a wide range of reasons. But a lot of them are truly good ideas and if you could get those ideas into shoppers' hands, it would be compelling to them. But the process breaks down. One area is visibility – the product just literally is not being seen and therefore not being considered.

A lot of new products also fail because the packaging does not quickly and clearly convey the proposition. Don't make shoppers work too hard. They may give it their five to 10 seconds of consideration, but after that, if they're still not sure of what they are buying or when they'd use it, they'll say never mind. For most products in today's fragmented media world, shoppers are not coming to stores with a lot of upstream advertising exposure. You have to score in store.

We've told clients, "Look, you have wonderful primary packaging, but if you are only going to get five facings in this incredibly difficult category, only 20% of shoppers will ever see you." In these cases, you really need to focus more on point-of-sale support because you'll have to work harder and differentiate it a lot more at the outset.

What do you recommend when it comes to messaging on retail-product packaging?

YOUNG: We've done a lot of work on point-of-sale merchandising in the technology categories. With technology, there's a lot of information to deliver and shoppers

are looking for a lot of reassurance, so there's a tendency to just keep telling them and showing them more and more and more. But we see – consistently – that more is not better in an in-store environment.

The more you give shoppers to sort through will actually make them less likely to make the effort. It's different in environments like department stores where you have more time to ponder a considered purchase. But in a typical mass retail environment – and that includes home centers where there are complex products – shoppers prefer to do their homework online either before or after the in-store visit.

In these shopping environments, there's virtually a direct, negative correlation between a busy display with lots of words and the average shopper's interest in engaging with it. When shoppers encounter eight different stickers and messages, they don't know where to go. You're sowing confusion and actually repelling shoppers from getting engaged with your product.

Are there areas in supermarkets where things get too complex?

YOUNG: Oh, sure. We often run into a "more is more" mentality from marketers. They want to make sure they get the right message across so they try to cram every message onto the packaging and displays.

You see a similar phenomenon happening during the checkout experience. Stores now have a lot of instant consumables – chips, soda – on display, and shoppers do engage. But once they've grabbed their treat, they tend to tune out. They've satisfied a need and they're not looking for that anymore. You'll get that five or 10 seconds of engagement, and then it drops.

Well, this is hurting the candy and gum that's positioned at the register. You now have a lot of shoppers who've already satisfied a craving prior to arriving at the checkout lanes, and they're confronted with so much complexity, it's almost comical. It's understandable that the candy and gum brands would see an opportunity being positioned where shoppers are just standing around, but you have to be disciplined or you just overwhelm them.

Does brand loyalty stand a chance in such a crowded shelf environment?

YOUNG: Ironically, in some cases there is more brand loyalty because of all the overwhelming choice out there. If you confront a shopper with 50 choices, it's just simpler and easier to default to the familiar – brands they already know and trust. Let's face it: no one has the time or energy to look at 50 things anymore. ■

ABOUT THE EXPERT

Scott Young, *President, Perception Research Services*

Scott Young is the president of Perception Research Services (PRS), a company that specializes in research to help marketers break through clutter and connect with shoppers. PRS pioneered the use of eye-tracking technology in consumer research and the company remains a thought-leader and innovator in its field, through new services and technologies such as virtual shopping, mobile eye-tracking and emotional understanding (via facial coding).

In addition to advising clients and his project management responsibilities, Young is a frequent speaker at marketing, research and design industry conferences and a

distinguished faculty member at the Path to Purchase Institute. He also guest lectures regularly at graduate programs and is a columnist whose articles frequently appear in *Brand Packaging*, *Shopper Marketing*, *Quirk's Marketing Research* and *The Design Management Journal*, among other publications.

Young is a graduate of Duke University and holds an MBA from the Kellogg Graduate School of Management at Northwestern University.



Menasha is a packaging- and merchandising-solutions company focused on optimizing the retail supply chain. Menasha collaborates with the world's leading retailers and consumer packaged goods companies to deliver the greatest measurable value across the entire integrated merchandising supply chain. As market leaders within the in-store merchandising industry, Menasha combines an unmatched understanding of the retail sector with a proven methodology for developing efficient, sustainable offerings to meet customer-specific goals.



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