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Annual Financial Report

Finance Department



This is a working reference document for use by the Contoso Finance team. Please add or reply to comments where you have changes, queries, or action items. Not necessary to use track changes.

Note: Please don’t update local copies of this document. Remember, we can all work in the document at the same time when it’s posted to SharePoint, so there’s no reason to have to work in additional copies.

# Document Scope

This Annual Financial Report reflects how Contoso has successfully supported and defined customers’ needs effectively across the organization.

Contoso's goals to meeting customer needs:

# Stakeholders

|  |  |
| --- | --- |
| Patti Fernandez | President, Executive Management |
| Nestor Wilke | Director, Operations |
| Pradeep Gupta | Accountant, Finance |
| Emily Braun | Budget Analyst, Finance |
| Enrico Cattaneo | Attorney, Legal |

# Milestones

|  |  |  |  |
| --- | --- | --- | --- |
| Completed | Milestone | Target  Start Date | Target  Completion Date |
|  | Budget planning | 11/7 | 12/5 |
|  | Research phase 1 | 11/14 | 12/9 |
|  | Content/design concept development | 12/15 | 2/6 |
|  | Research phase 2 | 1/3 | 1/18 |
|  | Content/design creation | 1/25 | **FINAL** 3/2 |
|  | Market testing | 3/12 | 3/21 |
|  | Finalize design and content | 3/26 | 4/3 |
|  | Release to manufacturing |  | 4/5 |

# Goals

We know that we’re not known as being exactly cutting edge when it comes to our product packaging. But this release **will** to be different. This is a game-changing product and so it needs to be game-changing from the moment it gets into the customer’s hands and even before that. This starts with our packaging.

Our primary goal for package design in this release is to not just showcase a product but connect with our consumer. The packaging should be unique and creative, but not simply for the purpose of creating something different. There needs to be a reason for this packaging—every element should help the consumer connect with the product in some way.

Emotional connection is the key. Whether or not the consumer has seen advertising or demos, or is seeing the product for the first time. When they are in the store shopping, the package is their first direct impression of the product.

# History

Packaging for previous releases of this product have had one substantial flaw glaringly in common: too much information. Let’s learn from our greatest mistake and not make it again. Remember:

“The secret to being boring is to tell everything.” -- Voltaire

Historically, our packaging reflects our branding but not necessarily our products. In our zeal to give the customer all the information they need, we lose the ability to make the most important points stand out. At best, it’s been information overload; at worst it’s been like a bad PowerPoint presentation where every word the presenter wants to say is on the slides.

But we’ve also had successes. Unique packaging elements—like a box that mimics the product shape and special offers on the box that the consumer can use immediately—consistently get great feedback in our focus groups and on-going at point-of-sale.

#### Key takeaway: We must make more and better choices.

# Research

Originally, we had just planned to do the phase one research, which centered on focus groups for feedback on packaging for previous versions. But what came out of those focus groups sent us in a new direction and so, our phase two research is the primary research information on which our planning is focused.

What stood out emphatically in our initial research was that better than 90 percent of free responses (those in which the respondent is not given choices, but puts the response in their own words) were emotion-based. Their reactions to packaging were very personal. And so, we added research phase two to explore emotional responses to both our past packaging and current competitive packaging. This second phase of research is the one driving our design direction.

N.B: This image of multiple people/emotions is a great one we can pull from for other content we’re creating for internal use, to reinforce the importance of emotional connection to this project. Crop to grab just the images you want (in fact, the full image has more people options). The full size image is in the project’s SharePoint image library if you need high resolution.

* What features of a package drive emotional response?
* What package elements elicit strong, positive emotional responses?
* What package elements elicit strong, negative emotional responses?

## Research Phase Two—Focus Groups

For the phase two focus groups, we had 100 respondents, approximately 50 percent male/female split (slight male skew, consistent with the product’s customer base), in a range of age groups.

Participants were shown five packages and asked to select the first one they’re drawn to.

|  |  |  |  |
| --- | --- | --- | --- |
| Package | PRoduct | Brand REcognition | Key Characteristics |
| 1 | Competitor A | High | Heavy use of graphics / dark colors  Plastic/vacuum pack |
| 2 | Competitor B | High | Sleek box shape  Clean lines/minimal  Single brand color |
| 3 | Competitor C | New Product | Detailed instructions  Conservative colors  Plastic form pack |
| 4 | Our next release | New Product | Instructions on package  Multiple colors  Plastic form pack |
| 5 | Our latest release | High | Instructions on package  Multiple colors  Recycled cardboard, custom box |

A mix of qualitative and quantitative questions were presented, to gather data on perceptions of shelf impact, experience opening the package, and how well the package reflects the product/package content.

Participants were asked to indicate what drew them to the selected package and to assign an emotion to initial impressions, opening the package, and perception of contents after opening. Key results:

Package 2 drew 40% of participants and had minimal negative responses. Only significant negative response for this package was ‘confusion’ under the package design vs. content question.

78% of participants who chose package 2 provided positive responses to the question of design vs. content. This was the only package to draw a majority of positive responses to this question.

Not surprisingly, opening plastic packaging drew high numbers for frustration, with package 3 also eliciting high numbers for anger.

### Package Selection

### Opening the Package

### Package Design vs. Content

# Design Considerations

It’s not about the package—it’s a way to introduce people to the product and help them connect with it. Keep it simple but not safe. What can we learn from this little guy?

Things become cliché because they are so often true: beauty is in fact in the eye of the beholder. We won’t please everyone, but we want to please as many as we can.

Choose carefully but act courageously: If we’re too cautious, we may never get where we’re going.

Additional results from our phase two research show that shape was the most dominant reason for the participant’s choice of package, with color coming in second by a large margin, followed by text at a similarly large margin as you see here.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | **Total** | | Shape | 48 | | Color | 26 | | Words | 13 | | Symbols | 7 | | Other | 6 | | Total | **100** | |  |

While this appears to validate the popular opinion among team members that shape and color should be our primary considerations, we need to be conscious of the specific options provided by our research group and realize that it’s not simply shape, color, or words that have higher or lower priority – but what shape, color, and words are used and why. Text content is, in fact, no less important than shape and color and can have an equal—if not greater—impact when the right choices are made.

## Trends

The strongest trends we’re seeing are to designs that are clean bordering on minimalistic, modern, and that utilize type and color for emphasis.

Regardless of trends, brand recognition is an enormous part of the success or failure of packaging. How does our branding come into play in this package?

# Cost Considerations

Cost estimate summary to come. See Excel.