

Product: Branding and packaging

Branding

A brand is a name, symbol or design that is used to identify a product or company. A strong brand can give a product a character with which consumers can identify. The following four concepts are important aspects of branding:

Brand awareness

Brand awareness describes the degree to which consumers recognise a product by its name and special characteristics. A strong brand will be instantly recognisable by consumers. Consider the Nike 'swoosh' – or tick – which communicates values of athleticism and achievement. This is understood by consumers worldwide, without using any words. Brand awareness makes it possible to pick out a familiar product from a crowded shelf of competitors.



Figure 1. Brand awareness: The Nike 'swoosh' is easily recognisable by consumers.

Source: Virtual Falcon

(https://commons.wikimedia.org/wiki/File:Nike_Fussballschuhe_mit_Stollen.jpg), CC BY 3.0

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Brand development

Brand development is the process of creating and making a new strong brand. A strong brand will allow a company to launch secondary products with relative ease. Cadbury has launched over 20 varieties of its best-selling Dairy Milk chocolate bar. Because of the original product's strong brand image, consumers are willing to try these new products and, importantly, retailers are willing to stock them.



Figure 2. Brand development: Cadbury's strong brand has enabled it to launch secondary products with ease.

Source: Tiia Monto (https://commons.wikimedia.org/wiki/File:Cadbury_Dairy_Milk.jpg), CC BY-SA 3.0 (<https://creativecommons.org/licenses/by-sa/3.0>), via Wikimedia Commons

Brand loyalty

Brand loyalty exists when customers continue to buy a particular brand, even when alternative products or companies exist. When there is brand loyalty, customers require very little persuasion to try or to purchase alternative new products. Football clubs have famously loyal fans. Real Madrid, for example, has millions of global fans who are willing to purchase replica kits to show their loyalty to their club. For smaller

businesses, brand loyalty may be even more important. Brands create familiarity and encourage long-term repeat purchases. When times are tough, loyal returning customers can be the difference between the success and failure of a brand.



Figure 3. Brand loyalty: Football clubs such as Real Madrid offer replica kits and other souvenir items to their fans.

Source: Claudia Schillinger

(<https://www.flickr.com/photos/claudiaschillinger/37599225830/in/photolist-ZhvRUj-2mXo34R-2mH13UW-2mH3Cz7-AvpEJD-XxXRAC-2mH4r2n-2gaBHhy-XBaCaj-2mgZUSe-ZbwNE8-TNdCaa-2k9paqS-2ja2hJU-FG7Nun-Qgh1Ap-JqRbQW-TxqCLM-TxqDtP-4uh7BW-GkUPFd-nz6nHU-48RJCT-2mH1JfV-2khUTeQ-2mH3mGX-2mH3NLF-2mH2t3g-2mH13To-2mH78J3-2mH1PaD-bMN3ZK-2mH17u6-2mGYSYU-2mGVjMr-BHLs2D-2mH9eyW-2mH9qPx-2iNM2Sn-2mGZy1m-2mH71jW-2mH2tZX-2mH6VQF-ouaHsQ-2gABcLj-HFKA4M-2mH9pHQ-2mH9pH4-2irSUF9-2mGZxZQ/>), CC BY 2.0 (<https://creativecommons.org/licenses/by-nd/2.0/>), via Flickr

Brand value

Brand value is a concept that can have two meanings, both of which are very important for businesses:

- Brand value can mean the value of the intellectual property associated with the brand. This can become part of the value of the product if the business wishes to sell it to another business.
- Brand value can also mean the additional value that consumers assign to the product because of its strong brand. It results in

consumers being less sensitive to prices, and enables the business to use premium pricing with higher profit margins.

To summarise, brand value is the monetary value of the brand if the business is interested in selling it, and this is totally based on how the brand interacts with consumer psychology. Brand-loyal customers are more likely to make repeat purchases and are less sensitive to price changes. This can lead to high profit margins for the brand owners.

Exam tip

Make sure you use specific rather than vague language when discussing brands. It is very important to write specifically about brand awareness, brand development, brand loyalty and brand value when addressing brands in the exam.

International Mindedness

In the last months of 2021, Facebook changed its name to 'Meta' to indicate the vision of the company. The Greek word 'meta' means 'beyond'.

However, when rebranding itself, it is vital that a company carries out proper market research; Facebook's new name shocked the Israeli community since, in Hebrew, the word 'meta' means 'dead'.

Activity

Learner profile: Open-minded

Approaches to learning: Social skills

Work internationally by carrying out the following activity:

- In groups, identify the brands that you are most familiar with.
- With the help of your teacher, connect with another class somewhere in the world. Perhaps your teacher has contact with another IBDP Business Management teacher through a social media or training connection.
- Ask that other class to identify the brands that they are most familiar with.
- Compare your lists. Do any of the brands emerge as globally recognised brands?

Packaging

You may have heard the saying, ‘Don’t judge a book by its cover.’ This saying can be applied to many things, including products that you buy. The packaging of a product may not always reflect the quality of the contents accurately.

However, both businesses and consumers pay a lot of attention to packaging. The packaging is often all that a consumer sees of a product before buying it. Most customers will make a buying decision based largely on the packaging if they do not know the product. The visual impact of packaging can help a product stand out from its competitors; it can be a key unique selling point. For businesses, packaging represents their brand and needs to be a thoughtful and consistent addition to marketing strategy.

Packaging connects to both the product and promotion elements of the marketing mix. To be effective, packaging must perform the following roles:

- **Protect the product.** Many products have a long and bumpy ride from the factory to the customer. Products may change hands repeatedly. They may also be transported in multiple ways and subjected to different temperature conditions. Packaging needs to be robust enough to protect the product from damage until it reaches, and is used by, the customer.
- **Communicate information.** Packaging usually includes a lot of information that is needed by the customer. The business and product name will certainly be included on the packaging, informing the customer what the product is and who produced it. In addition, the packaging will include information on the ingredients (food products) or materials (non-food products), the price and any health and safety information. In the future, packaging is likely to include even more information related to environmental impact, such as CO₂ emissions related to the product, or information about how easily a product is repaired. In France, for example, this is now required by a new ‘anti-waste’ law.
- **Promote the product and communicate its unique selling point.** Packaging is a way for the business to communicate with

customers about the unique selling point(s) of the product.

Through text and typography, colour, materials and shape, the business can let customers know about the qualities of the product contained in the packaging.

- **Make the product easy to use.** Packaging can make a product easier to use through its shape and materials. Sometimes the packaging is part of the product itself, contributing to its purpose. An example of this is a pizza box that converts into plates.



Figure 4. Packaging is a key element of both product and promotion, but it creates an enormous amount of waste.

Credit: OxAvdeenko, Getty Images

Concept

Sustainability and creativity

Environmental sustainability refers to meeting the needs of today without compromising the ability of future generations to meet their own needs. Packaging has become a key part of business sustainability efforts. This is because many businesses have relied on single use plastics to package their products.

These plastics are extremely useful for protecting goods. However, the waste created when consumers are finished with products is causing an environmental catastrophe. Businesses need to urgently and creatively rethink the materials used for packaging, or even redesign their products to use less or different packaging than previously.

The short video below from the Ellen MacArthur Foundation explains the packaging issue and how the plastic problem can be solved through 'upstream innovations' related to the circular business models that you explored in [Section 1.3.6](#) ([/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-circular-business-models-id-36523](https://app.y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/tool-circular-business-models-id-36523)).

This is a Video About Packaging Solutions | Upstream I...



Video 1. Examples of solutions to design out packaging waste via 'upstream innovations'.

The Ellen MacArthur Foundation has also published a more extensive document called [Upstream Innovation: a guide to packaging solutions](https://ellenmacarthurfoundation.org/upstream-innovation-a-guide-to-packaging-solutions) (<https://ellenmacarthurfoundation.org/upstream-innovation-a-guide-to-packaging-solutions>). If you are interested in innovative solutions to plastic packaging, you may want to explore that resource.

Activity

Choose one of the activities below if you would like to consider packaging further:

1. Think of or research a product that you think has good packaging. Explain what is attractive and/or useful about the packaging using information on packaging from this section.

2. Do some research to find examples of sustainable packaging and share with the class.