

Dr Christopher Simms, Reader in Innovation Management and New Product Development

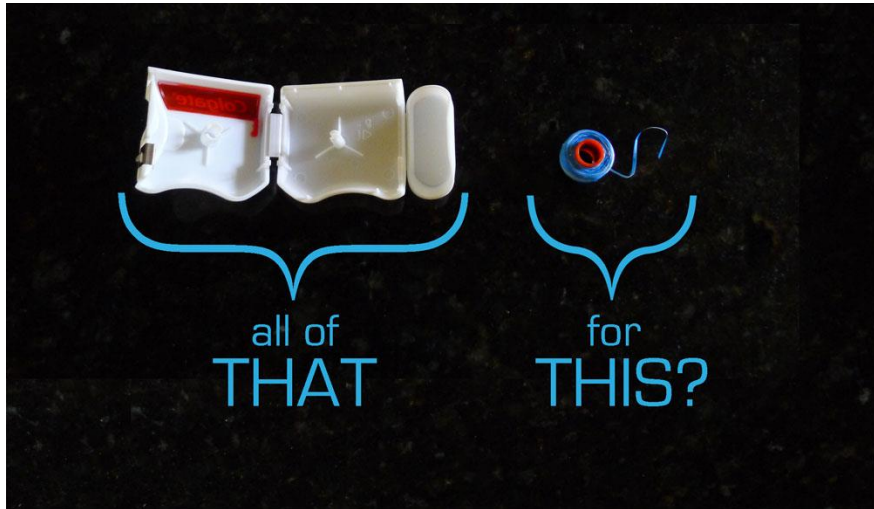


*How can Packaged Foods and Drinks Firms can  
Increase and Successfully Manage the Opportunities  
Presented by Packaging Innovations?*

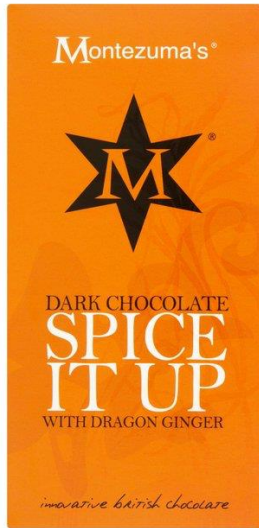
**Creating New Product Opportunities: Packaging integral products**

# Consumer perceived 'Bad' packaging

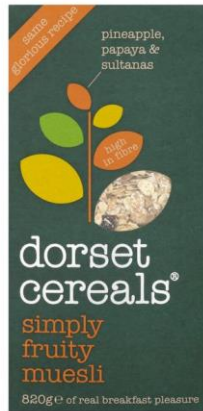
*Consumer dissatisfaction*



# Integral packaging...



*Labelling*

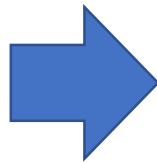


*Aesthetic design*

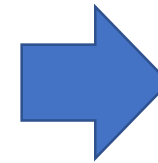
*yes, but not topic today....*

# Understanding Packaging Integration: Opportunities for Innovation

To understand the contributions of packaging we need to understand **how packaging can add value.....**



This is **also the case for products in many categories** of the foods sector, such as rice and grains.



The consumer will **decant rice into a container shortly after purchasing** and subsequently dispose of the packaging.

Within many consumer goods sectors packaging's role is **limited to the safe delivery of the product**. The packaging is then simply disposed.



Yet, opportunities exist to increase packaging's significance, enabling it to **add value and become a critical part of the product offering** that is integral to its consumption

# 'Integral' packaging

*Integral to Consumer Satisfaction & Product Experience*



*How can we systematically understand & identify the opportunities that packaging presents?*

# How do you add value?

## Two Facets of Packaging Integration

### 1) Integration with core product:

<i>Extent of integration</i>	<i>Key roles/contributions</i>	<i>Proposed characteristics of packaging</i>
Low extent of product integration: not integral	Protection, containment, identification	-Low integration; product may be decanted, frequently disposed of prior to consumption/ post purchase. -Little/no contribution to consumption, preparation or use.
	Above, plus contributes to marketing communications	
	Above, plus (physical/structural) design contributions to product/brand perceptions	
High extent of product integration: integral	Simplifies aspects of the product's use, increasing convenience e.g. easy dispensing, resealable.	-High integration, normally retained until consumption or use. -Commonly influences product quality or characteristics. -Contributes or reliant on packaging for consumption, preparation or use.
	Contributes to aspects of preparation or consumption e.g. microwave rice pouches, pre-apportioned single serving cereals packaged with milk.	
	Integral/required for the product's use, consumption or quality e.g. microwavable meals, beverage in-can systems.	

### 2) Number of consumption stages integral to:

1. Acquisition

2. *Preparation*

3. *Cooking*

4. *Eating*

5. Disposal.

*Integral to consumption*

# Mapping Extents of Packaging Integration



# Our Research.....

- Packaging development of great importance to the creation of new product opportunities in the packaged foods sector.
- Organisations are increasingly looking to packaging to; revitalise mature products, differentiate, and achieve higher premiums.
- Thus packaging is a priority issue within NPD, that *should* be managed simultaneously with the product in NPD projects.
- **Yet, innovation often overlooked..... *Understand why?***
- We studied around 50 leading food firms, alongside working with packaging manufacturers, consultants and FMCG firms over the past 8 years.
- Trying to understand what impacts on firms ability to develop packaging integral products.



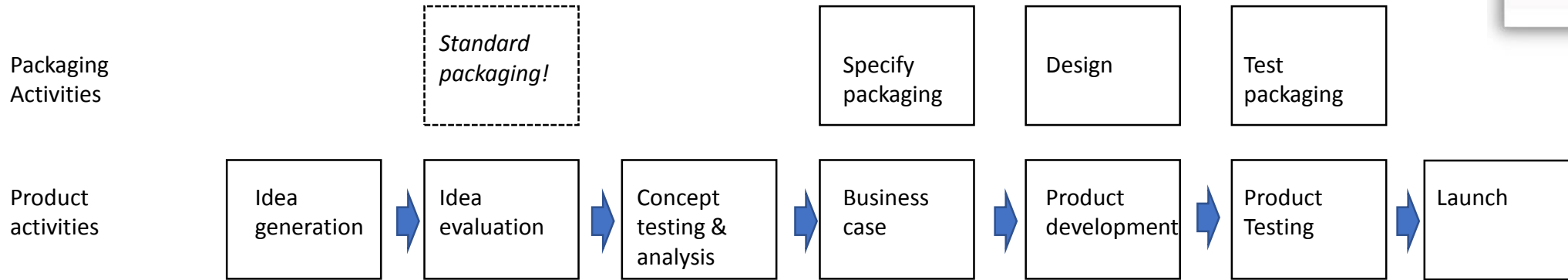
# *Firms often miss opportunities: What separates winners from the losers?*

- *Packaging development* is/not often thought of *interchangeably* with; label changes, design changes, and size/shape changes.
- Extent to which *costs and perceived costs allowed to impede change*.
  - *Packaging often overlooked in NPD.*
  - *This risks opportunities for innovation being overlooked...*
- Companies *NPD models* are organized/poorly organised to manage packaging innovation activities.

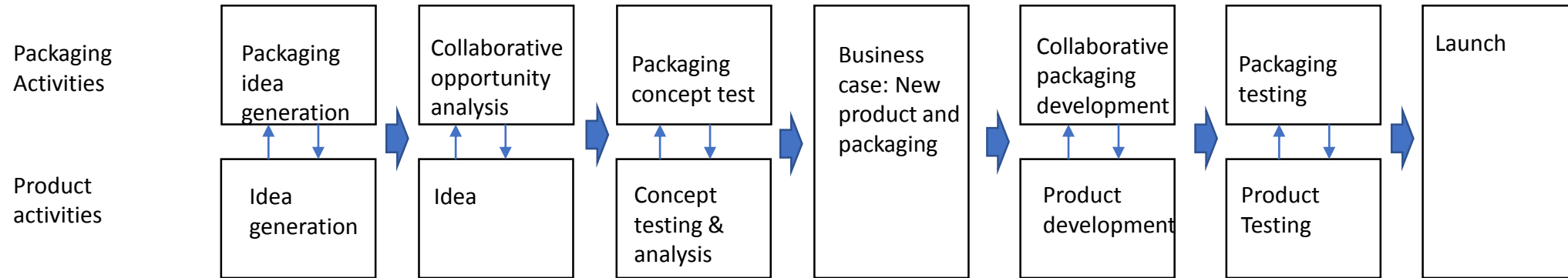
# What does your 'typical' NPD project look like?



Unsuccessful



Successful



# How do firms manage the development of packaging integral products? *(What do you need to do?)*

Ensuring the **consideration of true 'added value'**; shelf attention vs contribution to the core product purpose?



Ensure the integration packaging development activities; **technology & format truly considered** from project inception?



Ensure the **involvement of packaging technologists**; 'championing' role & absorptive capacity?



# What do you need to do?.....

Production costs & unit costs;  
**Not allowing costs dominate early decision-making?** (*let the opportunity germinate*)



Integral, **upfront & meaningful packaging supplier involvement?**



**Don't rely too heavily on consumers;** ideas source not innovation/solution source.



### *Final thought...*

We studied one case in which a firm that narrowly **missed out** on the opportunity for a packaging integral product that was subsequently launched by a competitor, and became a **£15m product in its first year**, due to a failure to put these factors in place correctly.....

# Our Current and Future Research....

- Packaging innovation and packaging integral products
- Integral and sustainable packaging
- Products and packaging for the elderly/ageing population
- Manufacturing process and product innovation (linkages)
- Effective customer involvement in product and packaging development
- Reducing food waste through packaging