



Outsourcing Insight Series

The Top 12 Factors in Product Packaging!



Presented by



The Simple Concept

The purpose of this booklet is simply to steer you clear of many of the “tragedies” that afflict the packaging process.

I started out in the packaging business over 22 years ago – technology packaging was still spreading its wings at that time and was, well.... utilitarian at best. Things were simpler then – retailers, developers and distributors were mavericks and were just looking to move any product that could sell.

In comparison with packaging in other industries it was bland, repetitious, complex and in some cases overwhelming. Oh yes, did I mention it was costly, very costly!

Read on, enjoy these thoughts and let us know if you have further questions.



Norman Tu
CEO
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Rule #1

Bad packaging is costly.

PackagingFactor #1

Know the Process

Make sure that you understand the development process of good packaging. The correct process insures that everyone is on the same page during the development process. People that need to be brought in are the product managers, marketing, operations (including both warehouse and fulfillment), your third party suppliers (including packagers and supply chain partners), your distributors and your retailers. What typically happens when one of these people is not brought in early is that some kind of operational repercussion is encountered.

I remember a few years ago when I was working with a game client who had a package which was truly a piece of art. Literally, the package was designed to be Origami (the Japanese art of paper sculpture). While the package was pleasing to the eye, it was simply not manufacturable. The result was that the packaging was very expensive to print and cut, and the amount of packaging lost in the assembly process because of tearing and blemishing was some of the highest I had ever experienced. The retail channel destroyed many more resulting in a high rate of return back to the publisher. The cost of failing to coordinate is measured in dollars.

Rule #2

Failing to plan is planning to fail!

Packaging Factor # 2

Engineer for Packagability

We spoke of bringing your “partners” to the table when designing new packaging. Is your product simply too complex to be packaged cost-effectively or are you trying to do too much with it? If you package your products in-house, make sure you have a close rapport with operations in the design process. If you manufacture with a supplying partner, make sure that they are invited to meetings you have on packaging and fulfillment so that the process is constantly a “move-forward” instead of a “start-stop-redo” process. Do not create a complex design and leave operations or suppliers out of the process until ready to hand off.

Product tracking and accountability should be an important part of your process. You should define your product tracking mechanisms early in the process, whether it be part numbers, UPC codes, serial numbers, a mix of them or all of them. Print these bar coded tracking numbers directly on the box if possible. You will not only ensure accuracy throughout the entire supply chain, but also save money and hassle from third party providers who will require bar coding.

PackagingFactor #3

Package for the Retailer

Years ago, many of the retailers like Wal-Mart, Comp USA and Sears got together to discuss standardizing product packaging sizes. These meetings looked at products, which were using packaging as billboards instead of product vehicles. For the publisher or manufacturer, it is advantageous to get as much information on your product as you can to help the client make an informed decision. This results in a large package surface area or quite simply, a larger box size. For the retailer, it is all about selection and getting more products on each shelf – which means a smaller box. See where the problem comes in – your retailer does not necessarily have your best interests in mind and hence becomes the “enemy” of the marketing engine.

The result was to eliminate the “long boxes” from music CD’s and standardize the packaging for video game cartridges and CD’s. That change affected all future packaging for these products. Retailers like Costco now demand that certain high value products are packaged in large clear clamshell packaging to reduce the opportunity for shrinkage. It is important to engage the retailer early in order to understand these added costs, logistical concerns and product presentation issues.

Rule #3

"To know your enemy, you must become your enemy... Keep your friends close and your enemies closer." Sun Tzu "The Art of War"

PackagingFactor #4

Control Costs

Controlling costs is a rich subject. So often it is totally misinterpreted. Having worked with literally hundreds of different products over the years, I have seen the entire spectrum. I have seen people print in four colors on objects that warrant no more than simple black and white and I have seen people use one color highly effectively. Lavish spending on packaging does not necessarily deliver lavish returns ... but that is not necessarily license to cut the budget. GOOD PACKAGING delivers GOOD results. If your product looks like it was an afterthought, it is probably going to be perceived that way on the shelf or in the hands of your customers. Think carefully about how you want to control your costs. Don't necessarily cut costs on your retail box, your documentation or your quick start cards. Costs go beyond physical costs. Understand the importance of first impressions. When you go to a retail store, what do you buy?

Rule #4

Packaging is designed to not only sell the product on the store shelf; it is also designed to validate the product post-purchase.

Packaging Factor # 5

Don't Shortchange the Customer

This topic is the mate to Packaging Factor #4. Many clients we worked with in the 1990's were more focused on cost reduction than user experience. The result was a reassignment of costs from one department to another and hard costs to soft costs in some cases.

Many companies tried to reduce or eliminate documentation and "quick start" cards from packaging. The result was customer confusion. This confusion generated higher retail and online returns, product dissatisfaction and increased customer support calls. Poor documentation or hardware assembly instructions frustrate clients. Include clear and concise documentation critical to the use of your software or hardware product. Convey your instructions from a novice's viewpoint. Remember, your customers are not knowledgeable about your products so make sure it is well illustrated and each minute process is accounted for!

The customer knows when he has been short-changed. Remember the old adage that "the bitterness of poor quality remains long after the sweet taste of a good price."

Rule #5

Insure a good customer experience – customers expect it, reviewers reward it and you reward yourself with reduced support costs. At the end of the day nickels spent on printing save quarters in lost opportunity or needless support.

Packaging Factor #6

Insure Integrity

Product integrity insures products will withstand the rigors of the retail channels (or shipping for those of you who do direct business) – it feels good and validates that the product is well built and is safely delivered in a solid state! This includes proper foam cushioning or clamshell designs to protect and hold hardware products in place are a must as well as corrugated spacers to prevent materials shaking around in the box for software products. If marketing graphics are key to your product spend the extra cost to use a UV coating or other high-grade finish that will result in less scratching and blemishing. Products that look “beat” on the outside translate in the client’s mind as “beat” on the inside. Looking for less channel returns – invest just a little more in the package, which insures integrity.

Packaging Factor #7

Understand the Purpose of Packaging

The purpose of packaging is not as simple as moving product from your assembly lines to the hands of your consumers. If it were just that, a vanilla retail box would do the trick. Your packaging should work hard for you. It needs to sell the product on the shelf, it needs to validate the quality of production of the product inside, it needs to deliver value and it needs to validate the buyer's decision post purchase. I read a statistic which stated that one third of buyers of retail technology products make their decisions on a product in a retail environment! While some of that decision-making is price related, most people want a product that solves a problem and is easy to use. Sure they want the features and the extras at a reasonable price, but many would just rather plug and play. Your packaging is your salesperson in the retail environment. Tell them about the features and what it will do for them; tell them how easy you have made the product to install and how easy the illustrated instructions make it to navigate using the products. Understand your buyers. Packaging is the place to help them in the retail environment and make them feel as though they have purchased the best product when they get back to their office or home. You should know your target market, the demographics, and the buyer's tendencies. Understand the psychology of packaging.

A good source of information is The University of Sheffield Packaging Research Group. Their website is www.shef.ac.uk/packaging/

PackagingFactor # 8

Design

We have addressed certain design issues throughout the text of this booklet. I cannot stress enough that you need to make the investment in in good packaging design. Package designers should know all the facets of the package from letter sizes to color psychology to bar-codes and information flaps to product name positioning. .

Packaging is your brand that gives you an advantage over your competitors. Flaunt your benefits features and extras. Use box flaps to add surface area and more product information. Think about allowing buyers to touch your product. Think about clam shelling your product for visualization. Directly state on the box new features of your product. These are just some ideas but think about different ways on how you can branch out from your competitors. Remember, don't get too cute. You want your package to be clever but you also don't want your package to be put on the bottom on the shelf due to non-standardization.

You don't want your products on the bottom shelf – design your products to win at eye level!

Don't forget about localization. The biggest mistake here is usually made in the design process. Remember that some languages, such as German, have words that are longer than many other languages. For your design to work globally, consider localization in your packaging design.

Rule #6

Packaging is brain surgery – don't rely on someone who isn't the best in their field to experiment on yours!

PackagingFactor # 9

Expansion – Something to Grow into

You need to create a package that has room to grow. You may find that after the product is released clients often ask questions that you may want to print up and insert in the next manufacturing run. Do you have the space without making your products look like ten pounds of potatoes stuffed into a five pound bag? What if you are looking for a competitive kicker and perhaps you want to include a complementary product into your own packaging and sticker the front of the box announcing a special deal. Can your package potentially scale to fit the additional product and documentation? Think ahead about the type of product you might like to include in the near future. Beyond the outside carton consider supporting pieces inside the packaging as well.

Rule #7

Things change – reduce the impact by considering expansion in advance!

Packaging Factor # 10

Security

We touched on cost control above. Consider the cost to process returns. Without a doubt the cost of processing returns is one of the highest in the manufacturing process. How do you know if the product has been opened or not? A way to reduce manpower and costs associated with this process is to add some features to your packaging. One method is to shrink-wrap the interior pieces to identify if they have been opened. Another method is to use printed shrink-wrap and security labels on the packaging. Printed shrink-wrap can include a faint logo of your company, which can appear on the shrink-wrap in various locations. Printed shrink-wrap prevents opening and removing items from packaging and re-shrink-wrapping. Some retailers do not take back opened products – this clearly identifies which products have been opened or not. Another type of printed shrink-wrap has UV ink that is only identifiable under a black light. This is primarily used so product that has been opened is identifiable but shows no logos impeding the artwork of the packaging. Another method is to use destructive labels that are nearly impossible to remove without causing damage to the label, thus showing packaging intrusion. This provides good shipping box security and product security where printed shrink-wrap does not make sense.

Packaging Factor # 11

Know Your Audience

Who is using your packaging? Don't make the mistake of alienating your audience. If the audience is young and hip, make the packaging appeal to them. If your audience is one that will use your product in an operating room, insure the products are easy to access and remove from packaging. Be innovative – packaging sometimes makes the product. Remember that people don't buy products – they buy solutions. If your product meets their access needs or appears to simplify their life while delivering quality, chances are your product will be more successful on the shelf.

Rule #8

Be innovative in delivering value in your packaging.

Packaging Factor #12

Earth Friendly Approach

OK, if you don't want to use environmental friendly packaging for yourself – do it for your customers. Customers like progressive companies that are looking out for the environment. Please note that I said CUSTOMERS – not necessarily companies. Since buyers make decisions and not companies, it makes good sense to make sure you are packaging for your customer's desires. If you could deliver a good product in a well-designed package and offer a competitive price – how else could you compete?

Emphasize the efforts of your company to use well made recycled products in their packaging. Many of your packaging elements are already using recycled materials – your corrugated boxes, your product boxes and some plastics. Get some information on recycling so you understand it. Talk with your packaging suppliers and ask them to provide the recycled content (post consumer) in their products, then make the effort to let your customers know that you are an informed recycling organization who has invested in the global environment while delivering a superior product.

A resource for recycling information is www.obviously.com/recycle

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