

Packaging and Fast Moving Consumer Goods- With Special Reference to Shampoos in Rural Perspectives

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Abstract: India being an agricultural economy, packaging will play a prominent role in food related sector. Processed food sector will be a major purchaser of packaging supplies. Transportation of milk, food grains and commodities like tea, coffee, edible oil over long distances and under changing climatic conditions is a major challenge to the packaging industry. Fruits and vegetables are perishable and do need protective packagings like Modified Atmospheric Packaging (MAP) and Controlled Atmospheric Packaging (CAP). Cold storage facilities are required more.

INTRODUCTION

The role of packaging as a medium for communication and branding is increasing in competitive markets for FMCG products. Packaging is the container for a product. It includes product name or brand name, pictures of the product, labels such as ingredients, manufacturing and expiry date, price, method of using the product, warnings, labels etc. The major function of a package is to distribute the product. From the mid of 20th century, the importance of the connection between production and consumption is increasing in the urbanised societies. Packaging is not only for the protection of the products but also is a tool of presentation and promotion. In the retail shops the information on the packages takes the role of shopkeeper, because it is carrying a message of the producer to the customers about the product. That is why packages are called shop assistant. Packaging as a medium of advertising has the most preference. Packaging is very important, however the balance is maintained between the product's performance and its appearance. Today's packaging is preventive form of the consumer's living standard.

History of Packaging

Firstly, original and natural resources were used for the packaging, available at that time, such as baskets of reeds, wineskins (bota bags), wooden boxes, pottery vases, wooden barrels, woven bags etc. After that processed and artificial materials were used for packaging as they were developed for example glass and bronze vessels. The earliest recorded use of paper to form packages dates back to 1035, when a Persian traveller visiting markets in Cairo, noted that Vegetables, spices and hardware were wrapped in papers for the purchasers after they were sold. Iron and tin plated steel were used for manufacturing cans in the early 19th century. Paperboard cartons and fiber boxes were firstly originated in the late 19th century. In 1952, 'Michigan State University' became the first university in the world to provide a degree in packaging Engineering. Packaging developments in the early 20th century included Bakelite closures on bottles, transparent cellophane overwraps and panels on cartons, increased processing efficiency and increased food safety. Aluminium and several types of plastic were introduced into packages to improve performance and functionality.

The Chicago Tylenol murders of 1982 brought improved attention and regulation to temper resistant packaging of pharmaceuticals. Most prominent innovations in the packaging industry were developed first for military uses. In some military supplies packaging was same as the commercial packaging used for normal industry. Other military packaging must transport material, goods, supplies, food etc. under the most severe distribution and storage conditions. Packaging problems acknowledged in World War – II led to 'Military Standard' or "mil Spec" regulations being applied to packaging designating it "military specification packaging". As a major concept in the military, mil spec packaging officially came into being around 1941, due to operations in Iceland experiencing critical losses due to what the military eventually attributed to bad packaging solutions. In 2003, the packaging sector recorded for about 2 percent of the gross national product in developed countries. About half of this market related to food packaging. In addition of the protective function, packaging gives a character 'personality' to the good or product. Several types of materials are used in packaging such as plastic, paper, glass, Aluminium, steel etc. Products are mostly judged by the packages mostly in case of impulse products.

Perfume is a very good example of impulse product. An attractive packaging is an advertising method at the point of sales. Packaging has two aspects – the physical aspects and behavioural aspect. First is related to the science and technology and second is related to the art of product designing linked with buyer behaviour and motivational research. It improves the value of the contents. Package should be very convenient in handling and in usage as well as in storage also. Packaging research focuses on the colour of the package and its connection with the product and the consumer as well as design of packaging such as the desirable qualities of a container. Packaging is said as the science, art, and technology of protecting products for distribution, storage, sale and use. Packaging also explained as the process of design, evaluation and production of packages. Packaging means to a co-ordinated system of preparing goods for transport, warehousing, logistics, sale and end use. Packaging contains, protects, preserves, transports, informs, and sells.

Packaging Scene in India

Recently progress made by Indian packaging industry is very commendable. Still, this 10 thousand plus crore industry has to go a long way when it compared to other countries. Main purchasers for packaging products are the middle class. The average consumption of plastics per person is one Kg in India whereas it is 14 Kg in the other Western countries. Per capita consumption of paper is about 5 Kg. in India whereas it is almost 50 Kg. in all over the world. Mostly industries in India are in small scale sector. These industries convert the basic materials into finished and semi-finished packaging materials. Medium and large industries, however contribute over 60 percent of the value of the packaging materials produced. Pharmaceutical packaging is a very growing area. High value products in consumer durables also need scientific packaging, because a small dent on a durable may result in its rejection. Industrial products are also requiring packaging. Packaging should be a value added activity. It can provide support to Indian exporters. In packing raw materials, we produce plastics such as low density polyethylene, high density polyethylene, polypropylene, polyester and other polymers. We also use glass, metal cans, and aluminium foil.

Packaging Trends

Packaging has become a major part of the core product. Packaging provides the message of a good quality product to the customers. The value of packaging material could be as high as 50 p.c. of the total cost, e.g., Kellogg's cereals. Packaging has emerged as the important component in respect of food products, cosmetics and liquors. Packaging can make the brand stand out from the other competitive brands. In some Industry packaging is the cost – the rest is just water (mineral water). Packaging protects the consumers from adulteration, short weighing etc. Imagine when a consumer taking soft and cool drinks was tied to a counter for returning the empty bottle. Frooti set the purchaser free. Pepsi's pet bottles changed the outdoor consumption to indoor consumption. Sachet shampoos have allowed the person who could not afford entire bottles to enter the branded shampoos market. HLL made available close up paste in Sachets recently.

The Purposes of packaging

- ✓ Physical protection – mechanical shock, vibration and leakage etc.
- ✓ Barrier Protection – barrier from oxygen, water vapour, dust, air etc.
- ✓ Containment or agglomeration – small objects, liquids, powders etc.
- ✓ Information transmission – Pharmaceuticals, food, medical and chemical products.
- ✓ Marketing – packaging labels, design to induce customers and promotion.
- ✓ Security – tamper resistance, package pilferage, loss prevention etc.
- ✓ Convenience – distribution, handling, display, sale, reclosing, use, reuse, recycling, etc.
- ✓ Portion Control – Single or multiple dosage packaging etc.

Packaging Types

Packaging may be in several types such as transport package or distribution package, consumer package etc. Packaging can be explained in relation to the type of product such as medical device packaging, bulk chemical packaging, over the counter drug packaging, retail food packaging, military material packaging, pharmaceutical packaging etc. According to functions it is categorise as follows:-

- ✓ Primary Packaging – Which is first envelope the product and hold it.
- ✓ Secondary packaging – outside the primary packaging used to group primary packages.
- ✓ Tertiary packaging – bulk packaging for transporting products.

Rigid and Flexible Packaging

Packaging is normally classified into rigid and flexible varieties. Rigid packaging consists of metal containers, glass, plastic drums, wooden boxes, paper board etc. Flexible packaging consists of plastics such as LDPE, HDPE, polyester film etc. Aluminium foils used in laminates, paper, polypropylene films are also considered as flexible.

Package development considerations

Package design and development are mainly thought of as a prominent part of the new product development process. On the contrary the development of a package may be a separate process which is closely related with the product to be packaged. Package design starts with the identification of all the requirements:- design, marketing, shelf life, quality assurance, logistics, legal, regulatory, graphical end use, environmental considerations etc. With some types of products, the design process consists of detailed regulatory requirements for the package. For example with packaging foods, packaging engineers require to verify that the package will keep the product safe for its intended shelf life with normal usage. The aims of the packaging sometimes look contradictory. For instance, regulations for an over the counter drug might need the package to be temper evident and child resistant. These intentionally make the package complex to open. The related consumer however might be handicapped or elderly and be unable to readily open the package. Meeting all goals is a big challenge.

Environmental Considerations

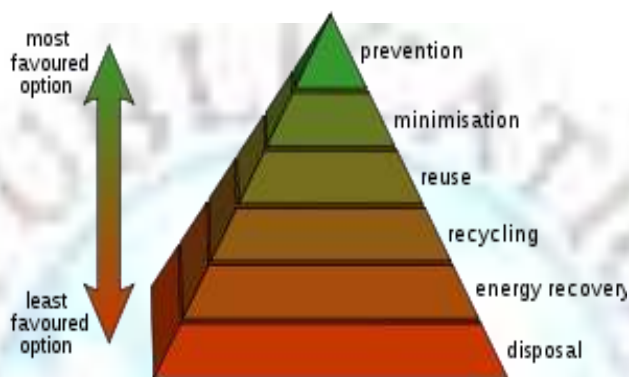


Diagram 1.1

Packaging development includes considerations for sustainability, environmental responsibility and recycling regulations. It may also includes a life cycle assessment, which considers the material and energy inputs and output to the package, packaging process, waste management etc. The traditional “three R’s” of reduce, reuse and recycle are the part of a waste hierarchy which may be considered in product and package development.

- ✓ Prevention – Waste prevention is a first goal. Packaging must be used only where needed.
- ✓ Minimisation – packaging should be minimizing by deciding a suitable criteria.
- ✓ Reuse – The reuse of a package for other purposes is improved.
- ✓ Recycling – Emphasis should be given on recycling the largest components of a package.
- ✓ Energy recovery – They should be used as a heat generation.
- ✓ Disposal – Incineration and placement in a sanitary landfill are necessary for some materials.

In most cases, the experience has been that package designs are more likely to influence the customer perception of the brand. Customer’s Perception is the process of selecting, organising and interpreting or attracting meaning to events happening in environment. People emerge with various perceptions of the same stimulus because of the three perceptual processes: selective exposure, selective distortion and selective retention.

FMCGs/CPGs (Fast Moving Consumer Goods/Consumer Packaged Goods)

These are the products which are quickly bought and sold. These are the low cost products. It includes non-durable products like shampoos or soap, coffee, soft drinks, toiletries and grocery items etc. Fast Moving Consumer Goods are mostly sold in large quantities. Though their absolute profit is relatively small but their cumulative profit can be huge. The term FMCG refers to those retail goods that are generally replaced or fully used up over a short period of days, weeks, or months and within one year, in comparison to durable goods such as shoes, clothes etc, which are generally replaced over a period of several years. FMCGs have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs – such as meat, fruits and vegetables, dairy products and baked goods are highly perishable, other goods such as alcohol, toiletries, pre-packaged foods, soft drinks and cleaning products have high turnover rates.

Characteristics of FMCGs

(A) From the consumer's perspective

- ✓ Frequent purchase
- ✓ Low involvement (little or no effort to choose the item-products with strong brand loyalty are exceptions to this rule)
- ✓ Low price.

(B) From the marketer's Angle

- ✓ High volumes
- ✓ Low contribution margins
- ✓ Extensive distribution networks
- ✓ High stock turnover.

In rural market packaged consumer products are purchased more than Rs. 2000 crore annually.

REVIEW OF LITERATURE

1. Louchran, et.al. (1994), reviewed on the "Commentary: gift packaging in duty-free markets environmentalism and brand equity". As the European Union issues directives to standardize measure taken by individual member states to reduce environmental waste in the process of packaging, examines the marketing of branded spirits in European duty-free situations in order to determine whether consumers face a conflict between purchasing on the basis of environmental issues or the 'giftability' of the product. It is found that consumers were more induced by price and brand loyalty than on packaging or green issues.
2. Zairi,(1995), in his paper "Moving from continuous to discontinuous innovation in fmcg : a re-engineering perspectives", studied that the problem is that what is desired by most organisation is major discontinuity on a more frequent basis, but in what is focussed on is still the product and not the process. Addressed the issue by distinguishing between various types of innovations and by presenting models of re-engineering which can provide organisations with the opportunity to generate discontinuities on a more frequent basis.
3. Mckerrow, (1996), has discussed the benefits of recycling packaging, the most obvious being cost savings. Other benefits are often more important, such as better storage facilities and ease of handling direct into retail display, Point to difficulties of quantifying benefits in advance, last areas where reusable packaging systems work best etc.
4. Prendergast, et.al. (1996), in their paper "Packaging marketing logistics and the environment: are there trade-offs?" found that the primary function of a sales packaging is to protect the product until it is ready to use. The marketing function carries the most influence within the organisation when it comes to making the sales package decision and in the majority of cases sales packaging accounts for less than 10 percent of overall product costs. The study concluded that the majority of the respondents did not see a trade-off between the marketing and logistical function of the sales package and the environmental demands to reduce, recycle, and reuse sales packaging.
5. Somchai, et.al., (2000), in their paper "An integrated design approach for protective packaging", discussed an integrated design approach for protective packaging, which aims to integrate both these aspects into a seamless design process, using multiple layers of neural networks to characterise the cushioning curve patterns of EPS materials, determine cushioning configurations and arrangement based on package to product characteristics, and size the buffer features.

RESEARCH METHODOLOGY

Descriptive research design was used, because it purposes to describe the trends and current role of Packaging and Fast Moving Consumer Goods (Shampoos), the current practices and customer response towards brands of Fast Moving Consumer Goods. This study was also diagnostic in nature. Because the aim of research was to diagnose the problem of different type of packaging and it gives also some suggestions. A sample of 100 customers of four different villages Samchana, Bhansru Khurd, Morkeri, and Nayabans was taken. Primary data collected using Questionnaire.

Objectives of the study

1. To evaluate the existing status of Top 5 FMCG companies related to shampoos in India.
2. To access and evaluate the customers perception and preference regarding Top 5 shampoos in India.
3. To evaluate the factors affecting brand shifting towards Fast Moving Consumer Goods with reference to Top 5 shampoos.

INTERPRETATIONS

Following important interpretations were made from the above analysis;

- ✓ The study shows that the existing status of top 5 shampoos brands, these are mainly 3 company's products- Hindustan Unilever Limited, Procter & Gamble, and L'Oreal. These companies produced a wide range of shampoos and other products. Today these companies are the market leaders and their brand equity is more at overall.
- ✓ 86 respondents out of 90 are preferred to buy the shampoos in pouches than in bottles in which Bhansru Khurd is first and Nayabans is last. Samchana and Morkeri are same. Below 30 age respondents are prefer less pouches than above 30, less income group are prefer less pouches than more income .Uneducated and post graduates & above prefer more pouches than bottles.

Findings and Suggestions

- ✓ All companies should have to emphasis to produce their products not only in mega packs but also in small quantities like in pouches.
- ✓ Emphasis must be given that prices and quality should be good and products should be available at near places also.
- ✓ But relaying on being a leader in price and quality is not enough to ensure that a consumer would continue purchasing a producer's products, a customer should have a host of positive thoughts regarding past experience with the brand.

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