

Packaging Defines the OTC Market

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Abstract: *Creating or enforcing a product's brand image with the proper use of unique packaging can positively affect sales and establish long-term customer loyalty. This paper discusses the idea of using packaging as a vital tool to create a memorable product brand. Topics discussed include the importance of package branding, "trade dress" patents, package redesign, cost considerations, and benchmarking.*

Introduction

Have you ever heard someone sneeze and say, "I need a Kleenex"? Then, the individual frantically searches for the nearest box of tissue, but does not realize that he or she has become a victim of product branding. The term "Kleenex" is a brand name of tissue manufactured by the Kimberly-Clark Corporation, yet most people associate "Kleenex" with any brand of tissue. In the following article, the idea that one product, such as Kleenex, can dominate the perception of so many consumers. This idea is referred to as branding; the idea that a product or manufacturer has a distinctive name. This article discusses the power of branding in the over-the-counter (OTC) drug market by introducing the concept of using packaging as a vital tool in creating a memorable product brand. Packaging can have a powerful impact on the purchase decisions of consumers. If designed or marketed improperly, sales and customer loyalty could be negatively impacted.

Package Branding Drives Sales

There is no question that marketing and branding are important parts of any business. The way products are marketed can and will vary between industries depending on the target market. Nonetheless, the goal of marketers remains the same for all businesses. That goal is to increase sales by creating a memorable advertising campaign, product/service, or creative package to gain market share in their respected industries.

Package Structure Dominates Competition

With over 100,000 products currently circulating in the OTC drug market, it is easy to see why branding is an important process when marketing an OTC drug (Choi, 2004). One way of accomplishing this is through creative structural packaging.

According to Progressive Grocer magazine, an example of this would be the upset stomach reliever manufactured by Proctor & Gamble, called Pepto-Bismol. We are all familiar with the brand name, "Pepto-Bismol," but are not we also familiar with the products unique package, shape, and pink color? Private label companies that manufacture stomach relieving remedies similar to Pepto-Bismol typically use the same active ingredients, such as bismuth subsalicylate, which is naturally pink in color (Tarnowski, 2004). Attributable to the branding efforts of Proctor & Gamble's marketing team, competitors are forced to identify their stomach relief medicine with the color pink. If they were to attempt to change the color to red, yellow, or blue the consumer may mistakenly believe the product is for treatment of another ailment and choose another brand (Tarnowski, 2004).

By communicating a product's most believable and desirable attributes through packaging, customers are likely to purchase the product at least once. Then, if the product itself is worthy of repurchasing by the customer, brand loyalty will soon be established and sales will increase.

It is important to remember to keep the packaging features the same. For example, the primary packaging graphics should not differ from the secondary packaging graphics. This could cause confusion with your customers and ultimately defeat the purpose of attempting to brand a product/package. Instead, all packaging displays, components, colors, typography, and images should be consistent with the brand image. (2004).

Package Designers Must Think “Brand”

Bill Schroeder, director of design services for Tipping Sprung states, “A quiet revolution has changed package design. Designers are now creating packages that are not merely memorable, but are also part of a brand” (Schroeder & Sprung, 2004, ¶ 1). Today's packaging designers must design packages that exemplify the “brand's promise and values” (Schroeder & Sprung, 2004, ¶ 4). This includes packaging graphics, structure, pictures, typography, and materials that help communicate the branding efforts (2004).

POP's Create a Center of Attention

Similar to creating an original or innovative package, Point of Purchase (POP) displays can also increase consumer awareness of a product brand. Often found on aisle end caps or side counters, POP displays are an eye-catching masterpiece for attracting and directing a consumer's attention to a product brand quickly.

Before designing a POP display, a company should decide what type of message is being conveyed to the customer. Patrick Sbarra, president of New Creature, designs, manufactures, and co-packs POP displays. Sbarra says there are a few questions that need to be answered before designing:

- 1.) What does the real estate and buying environment look like?
- 2.) How many units are going to be on display?
- 3.) How many stores will it be in?
- 4.) Is the product being displayed new?
- 5.) Is the marketing and branding evident on the unit package itself?

(Kania, 2004, ¶ 2).

Package Patents are a Must

Constructing a unique package is the first step in branding a product through packaging. The last, but certainly not least, is how we protect that unique package design from being infringed upon by our competition. As with all forms of intellectual properties, product packaging can also be patented for your protection from copiers.

“Trade Dressing” for Success

The term “trade dress” refers to the overall unique image of a product, package, and advertising. If a company's product/package is identifiable to a specific brand, a trade dress patent can be approved by a court to eliminate competing companies from mimicking their design. According to Rossette (2004), trade dresses that are “functional or utilitarian” (p. 24) cannot be protected. Only non-functional products/packages that are unlikely to cause confusion with previous products/packages from other companies, can be trade dressed. By working with a skilled intellectual property lawyer, you can determine your patent rights and protect your creative designs.

Package Redesign Catches Attention

Redesigning a package to increase sales can be a huge risk for most companies. In most circumstances a packaging engineer is hired to create, design and implement the most cost effective package for a product. This consistent concern of package costs can hinder the marketability of a product and ultimately hold back potential sales. Although cost considerations are an important part of any business, there are other factors that need to be addressed before making a final decision on a package.

In today's markets, consumers enjoy having options and, with supermarkets carrying an abundance of products, options are what consumers will get (Kania, 2004). With all these options available, marketers must discover new ways to embed a memorable product brand into the minds of the consumer. At times, package redesign can provide a memorable brand.

According to Weisz (2003), there are three reasons companies should consider package redesign as an option: contemporary appeal, greater visual impact, and brand reinforcement or upgrade.

Contemporary appeal will be discussed first. As times change, so do consumer trends. To keep up with this constant change product brands and packaging must also change to continually meet the needs of the "next generation" consumer. Innovative packaging structures and graphics can play an enormous responsibility in keeping a product up-to-date. Even products with old-fashioned appeals must sustain a modern-day affiliation with consumers (Weisz, 2003).

The second reason is greater visual impact. When a customer enters a store, he or she is immediately exposed to a variety of products and package styles. Without realizing it, the consumer constantly judges the quality of the products based on the appearance of the package itself. "Packaging is the manufacture's primary line of defense against competitors" (2003). A smart package design can give a product a better visual shelf presence and separate itself from the competition.

Finally, the third reason for companies to consider packaging redesign is brand reinforcement or upgrade. With thousands of new products entering the market each year, it is important to remind consumers new is not always better. It is necessary to reinforce a product's brand principles by designing a package that reinsures consumers of values such as quality, reliability, and innovation (Weisz, 2003).

FDA Labeling Requirements Cause Concern

According to the Center for Drug Evaluation and Research (CDER), all OTC drug labels must include the Food and Drug Association's (FDA) standardized drug label by May 16, 2006. This will effect over 100, 000 OTC drugs on the market and cost the OTC industry an estimated \$58 million. As a result, some manufacturers will have to redesign their packages to accommodate this new labeling information (ICMAD, 2004). Since redesign is a must with this scenario, a company could use this opportunity to design a package that also helps reinforce the product's brand characteristics.

The new labeling format will have standardized headers and subheadings that allow the consumers to comprehend the information more quickly and accurately. This will affect the amount of space in which the package will have to convey branding information (ICMAD, 2004). Some of the required information required on the "Drug Facts Panel" (p. 13) are the following: lists of the active ingredients, product uses, warnings, and directions, warning statements, and the FDA has applied strict regulations on font sizes and styles that can be used to display information (2004).

Cost Considerations are Essential

When considering redesigning a package, many questions need to be addressed to increase sales. First, does the package need to be redesigned for any other reason besides appearance? For example, does the package protect the product throughout the duration of the product's shelf life?

If not, then this would be the first concern in the redesigning process. Second, what type of equipment will be needed to compliment a new design? How much will it cost? Lastly, will the product sales benefit from a redesign? Since there isn't any way marketers can be 100% sure of how much a package redesign can increase sales, there will always be a risk in redesign.

In some instances a package redesign might not be as costly as one may think. Take for example, a package redesign project in which Mark Weisz Design limited the package redesign costs for a parboiled rice company.

The company came to Mark Weisz Design in an attempt to create a new look for their rice packaging. After researching information on the rice industry, they decided to enhance the appearance of the package and create a new brand image. The idea was to create a brand package that conveyed a "prize-ribbon" element using the colors blue and yellow-gold to emphasize the brand name, giving the package an increased visual shelf appeal (Weisz, 2003). In addition, they decided to enhance the quality even more by working with paperboard converters to implement in-line embossing techniques into the package. Weisz says, based on the company's production output, the cost of this additional improvement was less than a half a cent per carton (Weisz, 2003).

Benchmarking is Effective

Benchmarking ideas from competitive and non-competitive industries is not an uncommon strategy in today's aggressive markets. While marketing campaigns and branding initiatives remain unique to each product, similarities in the structural packaging can be seen throughout every consumer industry. Provided these ideas are kept within the margins of package patents and trade dress laws, benchmarking an existing package design can pay dividends to a your company.

Listerine and Theraflu Innovate Oral Care

In 2001, Pfizer Consumer Healthcare introduced the innovative product and package of Listerine PocketPaks to the OTC oral care market (see Figure 1). The minty thin bacteria fighting strips revolutionized the oral hygiene industry, with sales over \$165 million in 2003 (Pressler, 2004). However the rest of the oral care market, including private labels, are now launching their own versions of the breath strips. This could result in lower sales for the Listerine Pocketpaks in the future. Although future sales may decrease slightly, Listerine PocketPaks have established itself as the "major" brand in breath strip industry, forcing the competition to play catch-up (Pressler, 2004).



Figure 1. Introduced in the USA in 2001, Pfizer Consumer Healthcare



Figure 2. Introduced in the USA 2004, Novartis Consumer Health, Inc.

In 2004, the Novartis Consumer Health introduced their Theraflu Thin Strips to the antihistamine/cough suppressant market (see Figure 2). It was named the “Best Product of 2004” by Convenience Industry News (CIN) magazine, according to summary on the PR Newswire website (“Triaminic and Theraflu,” 2004). Among the many areas being judged for this award, such as the ability to provide accurate medicine dosages for each strip and package innovation, Novartis proved benchmarking beneficial. While the idea of the Theraflu Thin Strips was undoubtedly derived from breath strips, Novartis was able to further innovate an existing idea within the law and revolutionize the antihistamine/cough suppressant market.

Ethnography Generates Package Design Ideas

With today’s market place becoming more and more competitive each day, companies are searching for innovative marketing methods and techniques to separate themselves from competition. One way of accomplishing this, is with the assistance of ethnography.

Ethnography is defined as the social science of observing and learning the behavior of people in their own environment (“Branding and Ethnography,” n.d.). Instead of looking at the “overall picture,” an ethnographer attempts to gain a detailed perception by examining only few subjects at a time (Lee, 2004).

Many giant consumer companies such as General Mills, Procter & Gamble Co., Kimberly-Clark Corp., and Unilever hire ethnographers to study consumers in their homes, work places, and preferred supermarkets (Lee, 2004).

For example, an ethnography study done for General Mills convinced marketers that children feel a sense of independence when they eat food “on the run.” This research generated the idea for General Mills’s new yogurt for kids, called Go-Gurt, a yogurt snack that can be sucked out of a flexible plastic tube (Lee, 2004). In another example with General Mills, researchers found that consumers stored their Bugle corn chips in the same cupboard as their cereals because the package was shaped like a cereal box. On the contrary, they placed bagged snacks on top the refrigerator for easier access. This alerted marketers to change the existing Bugle’s chip package from a paperboard carton to a poly bag, ultimately increasing product sales (Lee, 2004).

Conclusion

Packaging can play an important role in creation of a memorable brand for drugs in the over-the-counter market. With over 100,000 OTC drugs currently circulating the market, products can easily get lost in the cluttered OTC isles of supermarkets. Through proper use of packaging materials, structures, graphics, typography, ethnography, and Point-of-Purchase displays, a memorable brand can be initiated to separate companies from competitors in attempt to gain market share in the OTC drug industry.

Benchmarking and redesigning existing packaging can assist in branding efforts, but only if the risk of extreme cost issues are kept to a minimal. FDA regulations will be fully enforced by May 16, 2006, requiring OTC drug companies to follow a strict standardized label format which allows consumers to easily interpret warnings, drug facts, active ingredients, directions for use, dosages, etc. Potential package branding could coincide with the redesigning of packages to meet these new labeling requirements.

All things considered, each company has to determine when or if creating a unique package structure is beneficial in regards to increasing sales. Using the expertise of brand managers, marketing, packaging graphics, and packaging engineering, a company can make a realistic forecast to determine if new packaging is the correct branding strategy.

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