Chapter 31
branding, packaging, and labeling

Section 31.1
Branding

Section 31.2
Packaging and Labeling
Before You Read

**CONNECT**  What influences your decision to purchase a product?
OBJECTIVES

- Discuss the nature, scope, and importance of branding in product planning.
- Identify the various branding elements.
- List three different types of brands.
- Explain how branding strategies are used to meet sales and company goals.
A company name and its products should project a positive image. An important part of product and service management is to select, promote, and protect the company image and personality of its brand.
VOCABULARY

- brand
- brand name
- trade name
- brand mark
- trade character
- trademark
- national brand
- private distributor brand
- generic brand
- brand extension
- brand licensing
- mixed brand
- co-branding
Notes on the Branding Process

Product  Target Market  Branding Characteristics

Example
Notes on the Branding Process

Graphic Organizer

Product → Target Market → Branding Characteristics

Example

- build product recognition and customer loyalty
- ensure quality and consistency
- capitalize on brand exposure
- change company or product image
What Can a **Brand** Be Used For?

- Identify One Product
- Identify a Family of Related Products
- Identify All Products of a Company

**brand**

A name, term, design, symbol, or combination of these elements that identifies a business, product, or service, and sets it apart from its competitors.
Branding

Elements of Branding

- **brand name**
  A word, group of words, letters, or numbers that represents a product or service.

- **trade name**
  Corporate brand; identifies and promotes a company or division of a particular corporation.

- **brand mark**
  Incorporates a unique symbol, coloring, lettering, or design element that is easily visible.

- **trade character**
  A specific type of brand mark, one with human form or characteristics.

- **trademark**
  A word, name, symbol, sound, brand name, brand mark, trade name, trade character, color, or a combination of these elements that identifies a good or service and cannot be used by anyone but the owner because it is registered with the federal government and has legal protection.
What Are the Four Reasons the Use of Brands Is Important in Product Planning? Provide Details for Each.

Importance of Brands in Product Planning

- To build product recognition and customer loyalty
- To ensure quality and consistency
- To capitalize on brand exposure
- To change company or product image
What Are the Four Reasons the Use of Brands Is Important in Product Planning? Provide Details for Each.

<table>
<thead>
<tr>
<th>Importance of Brands in Product Planning</th>
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<tbody>
<tr>
<td>To build product recognition and customer loyalty</td>
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<tr>
<td>Customers must easily recognize a company’s branded products when they make repeat purchases.</td>
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<tr>
<td>To ensure quality and consistency</td>
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<tr>
<td>Branding suggests consistency in quality and performance.</td>
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<tr>
<td>To capitalize on brand exposure</td>
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<tr>
<td>Branding helps companies extend their products or services into new target markets and to introduce new product lines or categories.</td>
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<tr>
<td>To change company or product image</td>
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<tr>
<td>Companies can adjust or reposition a corporate or product brand’s image to expand sales.</td>
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</table>
Branding

Types of Brands

- **National Brands**
- **Private Distributor Brands**
- **Generic Brands**

**national brand**
Also known as producer brand, this is owned and initiated by a national manufacturer or by a company that provides services.

**private distributor brand**
Known as private brand, store brand, dealer brand, or private label, this is developed and owned by wholesalers and retailers.

**generic brand**
A product that does not carry a company identity.
Branding

Section 31.1

Details About Each Type of Brand

Types of Brands

- National Brands
- Private Distributor Brands
- Generic Brands
Branding

Section 31.1

Details About Each Type of Brand

Types of Brands

National Brands
- Also known as producer brands
- Owned and initiated by national manufacturers or companies that provide services

Private Distributor Brands
- Known as private brands, store brands, dealer brands, or private labels
- Developed and owned by retailers and wholesalers

Generic Brands
- Do not carry a company identity
- Packaging describes item
- Sold in supermarkets and discount stores
- Less expensive
Brand Strategies

**Brand Strategies**

- **Brand Extension**
  - **brand extension**
  - A branding strategy that uses an existing brand name to promote a new or improved product in a company’s product line.

- **Brand Licensing**
  - **brand licensing**
  - A legal authorization by a brand owner to allow another company (the licensee) to use its brand, brand mark, or trade character for a fee.

- **Mixed Brand**
  - **mixed brand**
  - A strategy that offers a combination of manufacturer, private distributor, and generic brand to consumers.

- **Co-Branding**
  - **co-branding**
  - A strategy that combines one or more brands in the manufacture of a product or in the delivery of a service.
Brand Strategies

Details About Each Branding Strategy

- Brand Extension
- Brand Licensing
- Mixed Brands
- Co-Branding
### Branding Strategies

#### Section 31.1

**Details About Each Branding Strategy**

<table>
<thead>
<tr>
<th>Branding Strategies</th>
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</thead>
<tbody>
<tr>
<td><strong>Brand Extension</strong></td>
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<tr>
<td>Uses an existing brand name to promote a new or improved product in a company's product line</td>
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<tr>
<td>Can overextend product line and dilute the brand</td>
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<tr>
<td><strong>Brand Licensing</strong></td>
</tr>
<tr>
<td>Legally allows another company to use a brand, brand mark, or trade character for a fee</td>
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<tr>
<td>Can increase revenue sources, enhance company image, sell more core products</td>
</tr>
<tr>
<td><strong>Mixed Brands</strong></td>
</tr>
<tr>
<td>Offers a combination of manufacturer, private distributor, and generic brands to customers</td>
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<tr>
<td>Enables a business to maintain brand loyalty through a national brand and reach other target markets through private brands</td>
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<tr>
<td><strong>Co-Branding</strong></td>
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<tr>
<td>Combines one or more brands in the manufacture of a product or in the delivery of a service</td>
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<tr>
<td>Can work with one or several partners</td>
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<tr>
<td>Partners must be compatible</td>
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</tbody>
</table>
1. **Explain** the difference between a brand name and a trade name.

A brand name, or product brand, is a word, group of words, letters, or numbers that represent a product or service. A trade name, or corporate brand, identifies and promotes a company or a division of a particular corporation. The trade name is the legal name of the business.
2. **Describe** brand extension and brand licensing.

Brand extension is a branding strategy that uses an existing brand name to promote a new or improved product in a company’s product line. Brand licensing is a legal authorization by a brand owner to allow another company (the licensee) to use its brand, brand mark, or trade character for a fee. The agreement explains all the terms and conditions under which the brand may be used.
3. **Define** mixed branding and co-branding.

A mixed brand strategy offers a combination of manufacturer, private distributor, and generic brands to consumers. A co-branding strategy combines one or more brands in the manufacture of a product or in the delivery of a service.
Section 31.2

Packaging and Labeling

Before You Read

PREDICT What would happen if consumer products were not packaged and labeled?
OBJECTIVES

• **Explain** the functions of product packaging.

• **Identify** the functions of labels.
THE MAIN IDEA

Packaging and labels put a “face” on a product. Effective packaging and labeling help sell a product.
Packaging and Labeling

VOCABULARY

- package
- mixed bundling
- price bundling
- blisterpack
- aseptic packaging
- cause packaging
- label
- brand label
- descriptive label
- grade label
Notes About the Functions of Packaging

Functions of Packaging

- Selling the product
Notes About the Functions of Packaging

- Selling the product
- Promoting the product
- Defining the product identity
- Providing information
- Expressing customer needs
- Ensuring safe use
- Protecting the product
Packaging

About 10 percent of a product’s retail price is spent on the package, its design, and development.

package

The physical container or wrapping for a product.
Packaging and Labeling

Packaging

Functions of Packaging

- Selling the Product
- Mixed Bundling
- Price Bundling

**mixed bundling**
Packaging two or more different goods or services in one package.

**price bundling**
When two or more similar products are placed on sale for one package price.
Packaging

Functions of Packaging

- Communicating Product Identity
- Promoting an Image
- Color Usage
Packaging

Functions of Packaging

- Providing Information
- Directions
- Guarantees
- Nutritional Information
- Warnings
Packaging

Functions of Packaging

- Meeting Customer Needs
- Convenience
- Functionality
- Family Size
Packaging

Functions of Packaging

- Protecting Consumers
- Avoiding Misuse
- Avoiding Tampering
- Childproofing
Packaging

Functions of Packaging

- Protecting the Product

- Blisterpacks

- Avoiding Consumer Injuries

**blisterpack**
A package with a preformed plastic mold surrounding individual items arranged on a backing.
Packaging

Functions of Packaging

- Theft Reduction
- Oversized Packaging
- Electronic Anti-Theft Devices
Packaging

Contemporary Packaging Issues

Aseptic Packaging

Sterilizes the Package and Product

**aseptic packaging**
Packaging that utilizes a technology that keeps foods fresh without refrigeration for extended periods.
Packaging

Contemporary Packaging Issues

- Environmental Packaging
- Consumers Desire Less Waste
Packaging

Contemporary Packaging Issues

- **Cause Packaging**
- **Consumers Are Encouraged to Participate**

**cause packaging**
Packaging that promotes social and political causes.
Packaging and Labeling

Functions of Packaging

- Functions of Packaging
- [Blank]
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- [Blank]
- [Blank]
- [Blank]
- [Blank]
Packaging and Labeling

Packaging

Functions of Packaging

Communicating Product Identity

Selling the Product

Providing Information

Theft Reduction

Meeting Customer Needs

Protecting the Product

Protecting Consumers
Labeling

Three Kinds of Labels

1. **Brand Label**
   - The information tag on a product or package that gives the brand name, trademark, or logo.

2. **Descriptive Label**
   - A label that gives information about the product’s use, construction, care, performance, and other features.

3. **Grade Label**
   - A label that states the quality of the product, such as eggs.
Labeling

The Three Agencies That Make Laws Regarding U.S. Product Labels and Details About Each
Labeling

The Three Agencies That Make Laws Regarding U.S. Product Labels and Details About Each

**FDA**
- Nutrition Labeling and Education Act of 1990
- Labels must give nutritional information
- Packages must carry health warnings

**Federal Trade Commission**
- Regulates labeling and monitors advertising that is false or misleading
- Care Labeling Rule of 1972
- Guidelines for environmental claims

**U.S. Department of Agriculture**
- Legal standards, certification requirements, and penalties for misuse of organic labels
- Country-of-origin label
- Allergen labeling
1. **Differentiate** between a label and a brand label.

A label is an information tag, wrapper, seal, or imprinted message that is attached to a product or its package. The main function of a label is to inform customers about a product’s contents and give directions for use. The brand label gives the brand name, trademark, or logo. Although this is an acceptable form of labeling, it supplies insufficient product information.
2. **Identify** the types of information found on a food label.

Food labels include product illustrations, weight statements, dating and storage information, ingredients, product guarantees, and the manufacturer’s name and address.
3. **Name** three federal agencies that regulate packaging and labeling.

   U.S. Food and Drug Administration, Federal Trade Commission, and U.S. Department of Agriculture
End of
Chapter 31
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