

CHAPTER 31

Chapter Overview

INTRODUCE THE CHAPTER

Chapter 31 explains the role of branding in product planning, including the various branding elements and types of brands. Students will learn the principal functions of product packaging and labels.

BUILD BACKGROUND

Initiate conversation about branding. Ask students to name as many brands as they can. Ask students what they think makes up a brand: how do brands affect their purchasing choices? Ask students how packaging and labeling are related to branding: how do packaging and labeling affect their purchasing choices?

EXPLORE THE PHOTO

Market Talk Lead a discussion about how labeling on a product has influenced students' decisions or actions as consumers. Allow them to provide specific examples of times packaging has "sold" them on an item.

Quick Think Answers will vary. Packaging is used to create an image for a product. Labels help consumers identify a product that they may like or be comfortable with. For this reason, companies rarely abandon a label design once a product establishes itself in the marketplace.

Follow Up Ask students to discuss shopping experiences when they thought they bought one product but ended up with something else. Have students explain how the label led them to make a mistaken purchase.

REVIEW THE OBJECTIVES

Discuss the nature, scope and importance of branding in product planning. Brands are developed to target customers' needs and preferences. Elements, such as brand names, trade names, brand marks trade characters and trademarks, are often

CHAPTER 31

Branding, Packaging, and Labeling

Chapter Objectives

After reading this chapter, you should be able to:

- 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
- Explain the functions of product packaging
- Identify the functions of labels

EXPLORE THE PHOTO

Market Talk Branding, packaging, and labeling are part of the product planning strategy to create perceived product differences or emphasize real differences. Labels have distinctive lettering and design. Nutrition information is another important component of food product labels such as cereals.

Quick Think Is it important for a product to be associated with a specific label and packaging? Why or why not?

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David Young-Wolf/Photo Edit

combined to form a firm's corporate symbol or name. Effective brands have tremendous values and frequently become global brands.

Identify the various branding elements. brand name, trade name, brand mark, trademark
List three different types of brands. national brands, private distributor brands, generic brands
Explain how branding strategies are used to meet sales and company goals. Brand extension is a strategy that uses an existing brand name to promote a new or improved product. Brand licensing is a legal licensing agreement for which the licensing company receives a fee, such as a royalty, in return for the authorization. A mixed-brand strategy

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

Explain the functions of product packaging. Packaging promotes and sells the product, defines product identity, provides information, expresses benefits and features, ensures safe use, and protects the product, among others.

Identify the functions of labels. The main function of a label is to inform customers about a product's contents and give directions for use. Labels also protect businesses from legal liability if a consumer is injured using of its product.

DECA Events These acronyms represent DECA competitive events that involve concepts in this chapter:

AAM*	EMDM*	MMS	SMDM
ADC	FMAL*	QSRM	TMDM
ASM*	FMML*	RFSM	
BMDM*	HLM	RMS*	
BSM	HMDM	SEM	

Performance Indicators The performance indicators represent key skills and knowledge. Relating them to the concepts explained in this chapter is your key to success in DECA competitive events. Keep this in mind as you read, and write notes when you find material that helps you master a key skill. In these DECA competitive events, you should follow these performance indicators:

- Explain the nature of branding
- Describe the uses of grades and standards in marketing

The events with an asterisk also include:

- Explain the use of brand names in selling

Some events include these performance indicators:

AAM	Explain fashion-brand images
EMDM	Use the Internet to build brand equity Optimize business's Web site placement with major search engines and directories
FMML	Discuss product categories and classifications of products in food marketing departments
HLM/HMDM	Explain the nature of product extensions in the hospitality industry
SEM/SMDM	Explain the nature of sport/event brand/branding
TMDM	Explain the nature of product extensions in the travel and tourism industry

DECA PREP

ROLE PLAY Check your understanding of DECA performance indicators with the DECA activity in this chapter's review. For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through glencoe.com.



glencoe.com



Discuss the performance indicators for the DECA events listed, so that students understand how to demonstrate their understanding.

The event acronyms stand for:

- AAM:** Apparel and Accessories Marketing Series
- ADC:** Advertising Campaign Event
- ASM:** Automotive Services Marketing Series
- BSM:** Business Services Marketing Series
- EMDM:** E-Commerce Management Team Decision Making Event
- FMAL:** Food Marketing Series, AL
- FMDM:** Financial Analysis Management Team Decision Making Event
- FMML:** Food Marketing Series, ML
- FSRM:** Full Service Restaurant Management Series
- HMDM:** Hospitality Services Management Team Decision Making Event
- HRR:** Hospitality and Recreation Market- ing Research Event
- MMS:** Marketing Management Series
- QSRM:** Quick Serve Restaurant Manage- ment Series
- RFSM:** Restaurant and Food Service Management Series
- RMS:** Retail Merchandising Series
- SEM:** Sports and Entertainment Marketing Series
- SMDM:** Sports and Entertainment Marketing Management Team Decision Making Event
- TMDM:** Travel and Tourism Marketing Management Team Decision Making Event
- TSE:** Technical Sales Event

DECA PREP

Find timed DECA Prep activities correlated to the Competitive Events Workbook for students and DECA tips for teachers at the *Marketing Essentials* OLC through glencoe.com.

CHAPTER 31 Classroom Resources

For the Teacher

- TeacherWorks™ Plus
- Teacher Resources at glencoe.com
- Interactive Chalkboard
- ExamView® Assessment Suite
- Fast File Unit 10

For the Student

- *Marketing Essentials* Online Edition
- Student Activity Workbook
- Marketing Math Workbook
- Marketing Research Project Workbook
- School-to-Career Activity Workbook
- Competitive Events Workbook
- *BusinessWeek* Reader with Case Studies
- Interactive Student Edition
- Student Resources at glencoe.com

FOCUS

BELLRINGER ACTIVITY

Divide students into groups of two or three and have each group choose a brand with which they are all familiar. Have each group answer the following questions about their brand:

- Is it selling a product, service, or idea?
- Is it a name, term, symbol, or combination of these elements?
- Does it identify one product, a family of related products, or all products of a company?
- What benefits, features, or qualities does the brand connote?

Preteaching

VOCABULARY

KEY TERMS List the vocabulary terms on the board. Have students discuss each term and reach a consensus on each term's meaning. Write class definitions on the board so students can check their definitions as they read the section.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB connects academic correlations to book content.

Branding Elements and Strategies

READING GUIDE

BEFORE YOU READ

Predict When shopping for a large item, how will you know about it before seeing it?

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

KEY TERMS

- brand • brand name
- trade name • brand mark
- trade character • trademark
- national brands
- private distributor brands
- generic brands
- brand extension
- brand licensing • mixed brand
- co-branding

ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- component • distinct

THE MAIN IDEA

The name of a company and its products should project a positive image. Selecting, promoting, and protecting that image or brand is an important part of the marketing function.

GRAPHIC ORGANIZER

Draw this chart to take notes on the branding process.



Go to the OLC through glencoe.com for printable graphic organizers, Academic Vocabulary definitions, and more.

ACADEMIC STANDARDS

English Language Arts

NCTE 1 Read texts to acquire new information.

English Language Arts

NCTE 3 Apply strategies to interpret texts.

AS YOU READ

Analyze Why are brands so important to the success of a business?

Branding

Branding is an important **component** of the product planning process. A **brand** is a name, term, design, symbol, or combination of these elements that identifies a product or service and distinguishes it from its competitors. A brand can be used to identify one product, a family of related

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READING GUIDE

BEFORE YOU READ

Lead students in listing benefits and characteristics about a car before they see it.

D Develop Concepts

THE MAIN IDEA

Ask students to give an example of a product or service that projects a company in positive light.

AS YOU READ

Model for students how they can list the important aspects of branding as they read the section.

products, or all products of a company. Brands connote any number of benefits, features, or qualities. For example, a company may want to cultivate a brand that connotes quality and reliability. Another company may want to cultivate a brand that connotes fun and excitement. Brands are important assets and powerful tools for marketing and selling products.

Elements of Branding

Brands are developed to target customers' needs and preferences and include elements such as brand names, trade names, brand marks, trade characters, and trademarks. These elements are often combined to form a firm's corporate symbol or name.

Effective brands have tremendous value and frequently become global brands. Global brands appeal to consumers beyond cultural or political boundaries. For example, McDonald's is an effective global brand. The company's brand seeks to project an image of consistent

quality in food and service, but it adapts its menu to meet the needs of consumers in individual countries.

Reading Check Explain Why use more than one strategy to promote a product?

Brand Name

A **brand name**, also called a product brand, is a word, group of words, letters, or numbers that represent a product or service. An effective brand name should be easily pronounced, **distinctive**, and recognizable. Examples include PT Cruiser, Pepsi, Barbie, Pop-Tarts, and Big Mac.

Trade Name

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 that a company uses when it does business and is used to promote a positive image of the organization such as

TEACH

Discussion Starter

ELEMENTS OF BRANDING

Have students imagine they own a coffee shop chain and they want their brand to go global. What factors must they take into account before going global? How will they ensure their brand will transfer well to other countries? What image will they adopt globally—will it be the same as in America or will they change their brand image? Have students outline a plan on the board for taking their brand global.

Demonstrate You may want to print Web pages from a global brand, showing the different Web sites for that brand in different countries. Have students identify differences between the different sites.

Explain Remind students that brands include many elements, such as brand names, trade names, brand marks, trade characters, and trademarks. Explain that all these elements must be taken into account if a brand is to succeed globally.

Extend Have students research a global brand over the course of the brand's life. Students should then create a timeline showing the stages of the brand's life.

Reading Check Answer Answer might be that brands must target specific customers, and products must be branded accordingly.

C Critical Thinking

Explain Ask students if they have a favorite brand of clothing or other product. Ask them to describe what words, images, or feelings come to mind when they think of this brand. Have volunteers explain why the product is their favorite.

WHAT'S A SIGNATURE WORTH?
There was a time when a signature was a pledge. It meant that you stood behind your work and were proud of it. In 1873, when people saw the Levi Strauss name on a pair of jeans, they knew they were looking at quality and durability. For today's families, his signature still guarantees the same thing.

Levi Strauss SIGNATURE
From our family to yours.

Available at Target®
Visit us online at LeviStraussSignature.com or call 888-411-LEVI.

- **NAME THOSE JEANS** Levi Strauss Signature is the name of a specific brand of jeans.

Why is Levi Strauss an appealing brand?

AD GUIDE

• NAME THOSE JEANS

Discussion Lead a discussion about the Levi Strauss brand. Ask students: What consumer emotions is this ad playing to? Answers may include: nostalgia, family values, work ethic, logo/brand recognition. List students' answers on the board and have them give reasons for their answers.

Caption Answer Answers may include that the brand has a long-standing association with quality goods. The signature indicates that it was a family business and plays to family values.

Follow Up Ask students if they can think of other ads for brands of jeans. Ask them to explain how other brands' advertising differs from the approach in this ad.

TEACH CONTINUED

D Develop Concepts
Guided Practice**Brand Mark and Trade Character**

Write a brand name on the board that does not have a brand mark or trade character. Have students give suggestions for brand marks or trade characters and write suggestions on the board. Be sure to tell students that brand marks and trade characters should not be too complicated, as simple marks and characters are often more visually appealing and easily recognizable.

S Skill Practice
Independent Practice**Generating Brand Names**

L1 Ask students to list ten branded products that they know of and to then list another brand of that product if possible.

L2 Ask students to make three columns on a sheet of paper. In the first column, have students list products for which they will only buy one brand. In the second, have students list products for which they will buy any brand. In the third, have students list products for which they will buy a store brand or generic product.

L3 Ask students to choose a brand that they view as outdated. Have students write up a plan to reposition the brand, including changes to brand name, image, brand mark or trade character, advertising, etc.

Demonstrate You may want to bring in examples of brand name products, store brand products, and generic products. You may also want to bring in an example of a repositioned brand, showing the product before and after the change.

quality, value, and reliability. Procter & Gamble, Dell, Disney, Kellogg's, Nike, and Yahoo! are all examples of trade names. The trade name supports the company's product brands.

Brand Mark and Trade Character

Many brands incorporate a unique symbol, coloring, lettering, or other design elements known as a **brand mark**. A brand mark is recognizable visually and does not need to be pronounced. Some examples of brand marks are the U.S. Postal Service's eagle or Apple Computer's apple. On the other hand, a **trade character** is a specific type of brand mark, one with human form or characteristics. Some examples of trade characters include Green Giant's Jolly Green Giant, the Pillsbury Doughboy, and the Keebler Elves.

Trademark

A **trademark** is a word, name, symbol, device, or a combination of these elements that is given legal protection by the federal government. Trademarks are used to prevent other companies from using a similar element that might be confused with the trademarked one. For example, the image of the golden arches is a trademark of McDonald's. The colorful peacock is a trademark for NBC. No other company can use these symbols. The U.S. Patent and Trademark Office grants trademark rights. Disputes regarding trademarks are settled in federal courts.

Sometimes companies try to extend trademark branding of products and services to include additional elements of sound, color, and smell. Boston Duck Tours, a sightseeing tour company, received a sound trademark for the sound of a human voice making ducklike quacking noises.

Trademarks are followed by a registered trademark symbol (®). When brand names, brand marks, trade characters, and other elements of branding are registered as trademarks, they cannot be used or misused by other companies.

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Importance of Brands in Product Planning

Branding establishes an image for a product or company and projects that image to its customers and the marketplace. The use of brands is important in product planning for several reasons.

- **To build product recognition and customer loyalty** It is important that satisfied customers be able to easily recognize a company's branded products when they return to make repeat purchases.
- **To ensure quality and consistency** Through branding, companies communicate to customers consistent quality and performance, purchase after purchase. Branding connotes consistency. For example, nine out of ten people will pay 25 percent more to buy GE Soft White light bulbs rather than another brand. The GE Soft White brand is perceived to be of higher quality and a better value than lower-priced competitors.
- **To capitalize on brand exposure** Branding helps companies extend their products or services into new target markets. It also helps introduce new product lines or categories. Customers and prospects are more willing to try new products that carry a familiar brand name.

With careful planning, companies can also adjust or reposition a brand to capitalize on changes in the market.

Generating Brand Names

It is estimated that 75 percent of all companies introduce a new product name every year. The U.S. Patent and Trademark Office registers more than 350,000 trademarks per year. It is understandable, therefore, why some companies find it increasingly difficult to secure desirable corporate or product names—so many names are already taken!

How does a company create a brand name? Some companies turn to computer software programs that specialize in generating brand names. These programs will check to see if

**Extended Activity****Trademark**

Lead a discussion about well-known trademarks. You may want to bring in examples of well-known trademarks, such as a logo, as well as more unusual trademarks such as color. Then, ask students to think of companies that have successfully trademarked sounds, colors, or smells. Ask: What makes these elements distinct enough to trademark? Divide students into small groups of two or three and have them list elements that should be able to be trademarked, and elements that should not be able to be trademarked. Have each group present their lists and then lead class discussion about where the line should be drawn.

TEACH CONTINUED

a name is already owned and trademarked by another company. Other companies hire branding agencies, naming consultants, or public relations firms to generate and check the availability of brand names.

Branding is so important to product planning that over 60 percent of all companies conduct market research to test new brand names before they are released. After a name has been generated and researched, companies will then conduct brand-loyalty research to gauge the brand's effectiveness.

Once established, brand names are carefully protected and rarely changed.

Types of Brands

Wholesalers and retailers also brand their products. As a result, there are three classifications of brands, one for each type of company that brands its products: national brands (manufacturers), private distributor brands (wholesalers and retailers), and generic brands.

National Brands

National brands, also called producer brands, are owned and initiated by national manufacturers or by companies that pro-

vide services. Examples of national brands for consumer goods include Hershey Foods, Colgate-Palmolive, Whirlpool, Sunoco, and Ford. Examples of service companies that generate national brands are Northwest Airlines, Hilton, Avis, Bank One, and AFLAC.

The Importance of National Brands

National brands generate the majority of sales for most consumer product categories. Approximately 70 percent of all food products, 65 percent of all appliances, 80 percent of all gasoline, and 100 percent of all automobiles are sold under national brands.

Electronic commerce has created a new category of national brand: the Internet brand. There are Internet brands for both consumer products and services. Examples of Internet consumer product brands include Amazon.com and eBay, while examples of service brands include Monster, Google, and Yahoo!.

Private Distributor Brands

Private distributor brands, also called private brands, store brands, dealer brands, or private labels, are developed and owned by wholesalers and retailers. The manufacturer's

NET MARKETING

Free Entertainment

Video games can be expensive, but there is a way to play games for free. Advergaming let Web site visitors play free of charge, as long as the gamers are willing to see advertising while they are playing. Several of Kraft's best known brands have games. At Nabiscoworld.com, visitors can play *Ritz Bits Sumo Wrestling*. Players control either the Creamy Marshmallow or the Chocolatey Fudge cracker. After quite a bit of belly smacking, the result is the S'more-flavored cracker.

Advergaming Come Under Criticism

Some critics worry that advergaming can be too influential and that children may not realize they are seeing advertising.

THINK LIKE A MARKETER

Why are many consumer products manufacturers using advergaming?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a project on advertising in games.

glencoe.com



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NET MARKETING

Free Entertainment

Discussion Ask students who have played advergaming to share their experiences with the class. Lead the discussion by asking the following question: Is playing the game for free a fair tradeoff for seeing the advertising and brand messages?

THINK LIKE A MARKETER Answer: Advergaming is an effective way to expose both youth and adults to a company's products. According to online usage data from Nielsen Net Ratings, advergaming is becoming increasingly popular. The typical player spends a half-hour on a game site, often replaying a single game 15 times or more.

@ Online Action! For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC glencoe.com.

D Develop Concepts

Drawing Conclusions

Generating Brand Names Have students list new products that have come out in the last year, then ask them the following questions: Are these products extensions of existing products or new products? Is the brand name based on an existing product or entirely new? Have students explain their responses.

Extend Write four or five new product names on the board and lead discussion about why the companies might have chosen the brand names. Then, divide students into small groups of two or three and give each group a foreign language dictionary. Ask students to choose one of the brand names on the board and come up with a brand name to use for the product in the other language. Remind students to take into account what their brand name might sound like or mean in the other language.

C Critical Thinking

Guided Practice

National Brands Ask a volunteer to write four headings on the board: food, appliances, gasoline, and automobiles. Ask students to list brand names for each category, both national and private distributor brands. Note the number of national versus private distributor brands in each category and lead a discussion about how their list compares to the percentages listed in the text (70 percent of food products, 65 percent of appliances, 80 percent of gasoline, and 100 percent of automobiles are national brands). Ask students why they think lower percentages of food products and appliances are national brands, compared to the higher percentage of gasoline and the 100

SECTION 31.1

ASSESS

CONCEPTS

1. Ask students to list the various branding elements and give examples of each element.
brand name, trade name, brand mark and trade character, trademark
2. Ask students to list the three types of brands.
national, private distributor, and generic

KEY TERMS

Have students review key terms, their spellings, and definitions in small groups.

RETEACH

INDEPENDENT REVIEW

- L1** Assign and review Chapter 31 activities in the Student Activity Workbook.
- L2** Assign and review Chapter 31 activities in the Marketing Math Workbook.
- L3** Assign and review Chapter 31 activities in the *BusinessWeek* Reader with Case Studies.

ASSESS

AFTER YOU READ

Have students complete the Section 31.1 After You Read section review.

ONLINE STUDY TOOLS

Have students go to the *Marketing Essentials* OLC through glencoe.com for the Section 31.1 practice test.

name does not appear on the product. Some examples of private distributor brands are Radio Shack, Kohl's Villager, and Wal-Mart's George.

Private distributor brands appeal to customers who desire the quality and performance of national brands at a lower price. Many large supermarket and retail chains have private distributor brands. For example, a 2005 ACNielsen report stated that private brands represent 45 percent of the market in Switzerland, 28 percent in Great Britain, 19 percent in Canada, and 16 percent in the United States. At some major department stores, such as JC Penney, private labels make up about 40 percent of total sales; at Target, they account for about 80 percent of apparel sales.

The Increasing Popularity of Private Brands

Private distributor brands are increasing their market share in most product categories worldwide. In 2003 in the United States, approximately 800 categories of private label goods existed in clothing, paper products, medications, vitamins, and pet foods.

Private brands are popular with retailers because they usually carry higher gross margins and thus are more profitable for the seller than manufacturer brands. Also, because private brands cannot be sold at competitors' stores, they help cultivate customer loyalty.

Generic Brands

Generic brands are products that do not carry a company identity. The packaging for generic products usually features a description of the product, such as "pancake mix" or "paper towels." Generic brands are generally sold in supermarkets and discount stores. These unbranded products are often priced 30 to 50 percent lower than manufacturer brands and 10 to 15 percent lower than private distributor brands. Companies that manufacture and sell generic brands do not heavily advertise or promote these products and, therefore, can pass on savings to customers.

The Jewel supermarket chain in Chicago was the first to introduce generic products in the 1970s. Generic products have expanded

to include more than 300 product categories, including vitamins, auto parts, food staples, and pharmaceuticals. Generic products are now offered in more than 250 retail chains throughout the United States, and more than 75 percent of all U.S. supermarkets carry generic items.

Branding Strategies

Companies develop and rely on a variety of branding strategies to meet sales and company objectives. Some of these strategies include brand extensions, brand licensing, mixed branding, and co-branding. Effective use of different brand strategies can increase sales of branded products and maximize company profits.

Brand Extension

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. For example, Ocean Spray extended its cranberry juice drink product line by adding flavors, including Cran[®]Apple, Cran[®]Cherry, and Cran[®]Grape fruit blends. Launching new products is costly, and the failure rate for new products is high. Sometimes companies can reduce this risk by using an already established brand name.

One risk that companies face when they employ a brand extension strategy is overextending a product line and diluting the brand. When does brand dilution occur? If a brand includes too many products, the original brand and other selections in the product line may lose recognition and appeal with customers.

Brand Licensing

Some companies allow other organizations to use their brand, brand mark, or trade character through **brand licensing**. This authorization is a legal licensing agreement for which the licensing company receives a fee, such as a royalty, in return for the authorization. The agreement delineates all the terms and conditions under which the brand may be used.

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Extended Activity

Ask students if they are more likely to purchase national, private distributor, or generic brands. Does the product category make a difference in their decision, such as if they are buying food rather than clothing? Have students share their responses in class.

Companies license their brands to increase revenue sources, enhance company image, and sell more of their core products. For example, the National Football League (NFL) has licensing arrangements with Pepsi and Visa. Pepsi and Visa use the NFL name and logo in their promotions to try to attract customers loyal to the NFL.

Mixed Brands

Some manufacturers and retailers use a **mixed-brand** strategy to sell products. They offer a combination of manufacturer, private distributor, and generic brands. A manufacturer of a national brand will agree to make a product for sale under another company's brand. For example, Michelin manufactures its own brand of tires as well as tires for sale at Sears under the Sears brand name. A mixed-brand strategy enables a business to maintain brand loyalty through its national brand and reach several different target markets

through private brands, thus increasing its overall product mix. It can maximize its profits by selling a private brand product without damaging the reputation and the sales of its national brand product.

Co-Branding

Have you noticed that Kellogg's Pop-Tarts are made with Smucker's fruit filling? This is an example of a **co-branding** strategy. A co-branding strategy combines one or more brands in the manufacture of a product or in the delivery of a service. This strategy enables companies to capitalize on the popularity of other companies' products and services to reach new customers and, ideally, increase sales for both companies' brands. Co-branding can work with one or many partners.

Co-branding can also work when two or more retailers share the same location. Starbucks Coffee Co. has an agreement with Barnes & Noble to open coffee shops inside their bookstores.

CLOSE

CULMINATING ACTIVITY

Provide newspapers, magazines, or online advertisements to the class. Have students choose an ad and point out the following: brand name, trade name, brand mark or trade character, or trademark. Then, have them decide whether it is a national brand or private distributor brand. Repeat with another ad.

31.1 AFTER YOU READ

Key Terms and Concepts

1. What is the difference between a brand name and a trade name?
2. List the three types of brands.
3. What are the different types of branding strategies?

Academic Skills

Math

4. According to a *Forbes* magazine study in 2004, General Electric had a trade name or corporate brand value of \$54.2 billion, compared to Nike's brand value of \$19.7 billion. How many times larger was the brand value of GE than Nike?

CONCEPT Number and Operations:

Division When determining how many times larger a value is compared to another value, the operation to use is division.

- To solve this problem, divide General Electric's brand value of \$54.2 billion by Nike's brand value to determine how many times larger it is.



For help, go to the Math Appendix located at the back of this book.

English Language Arts/Writing

5. Kellogg's sells its cereal Frosted Flakes in the United States, but it is called "Frosties" in most European countries and *Zucaritas* in Italy. Write a 150-word paper explaining why consumer product companies, such as Kellogg's, use different names for the same product in various countries.

NCLB



Extended Activity

Brand Loyalty

Ask students to interview a friend, family member, or other person about a brand that they have remained loyal to over the years. They might ask, "What about the brand has made them stay loyal? How has the brand changed over the years?" Have students summarize their interviews in a one-page report.

NCLB

NCLB Activity correlated to Mathematics and English Language Arts Standards



Check your answers at the *Marketing Essentials* OLC through glencoe.com.

31.1 AFTER YOU READ

Key Terms and Concepts

1. A brand name or product brand is the word, group of words, letters, or numbers representing a brand that can be spoken. A trade name or corporate brand identifies the company or company division.

2. Three types of brands: national (consumer product, service, and Internet), private distributor, and generic.

3. Four types of branding strategies include brand extension, brand licensing, mixed brands, and co-branding.

Academic Skills

4. 2.751 times as large; $\$54.2 \div \$19.7 = 2.751$

5. Students should be able to state that large companies have traditionally attempted to build brand equity in different countries by addressing advertising and promotions based upon the unique culture of the country. However, with the rise of a global economy, many companies see the advantage of having a single brand.



Find answers at the *Marketing Essentials* OLC through glencoe.com.

FOCUS

BELLRINGER ACTIVITY

To prepare for reading this section, bring several types of products to class in the amounts in which they are usually packaged (such as 12 pencils, 2 cookies, 4 rolls of tape, 50 paper clips or rubber bands, etc.). Also bring in the packaging but keep it out of sight. Ask students how each product is normally packaged for retail sale, and then place the package with the product. Divide students into small groups of two or three and give each group one of the products. Ask groups to brainstorm other types of packaging that could be used for their product.

Preteaching

VOCABULARY

KEY TERMS Bring in an example of a package or label fitting each of the key terms (some might fit more than one term). Ask students to guess which package or label goes with each term. As students read the chapter, they can see if they guessed correctly.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB

NCLB connects academic correlations to book content.

Critical Thinking

Explain Ask students what would happen if all products were packaged in the same way. What would happen to competition if all labels looked alike?

Packaging and Labeling

READING GUIDE

BEFORE YOU READ

Predict Why do companies go to the expense of packaging and labeling consumer products?

OBJECTIVES

- Explain the functions of product packaging
- Identify the functions of labels

KEY TERMS

- package
- mixed bundling
- price bundling
- blisterpacks
- aseptic packaging
- cause packaging
- label
- brand label
- descriptive label
- grade label

ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

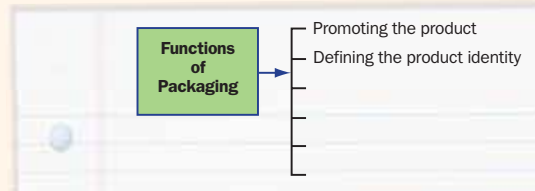
- integral
- period

THE MAIN IDEA

D Branding gives a company or product a personality. Packaging and labels put a “face” on the product. Effective packaging and labels help sell the product.

GRAPHIC ORGANIZER

Draw this chart to take notes about the functions of packaging.



Go to the OLC through glencoe.com for printable graphic organizers, Academic Vocabulary definitions, and more.

ACADEMIC STANDARDS

English Language Arts

NCTE 1 Read texts to acquire new information.

Science

NSTA Content Standard E Understandings about science and technology

AS YOU READ

Connect Consider how packaging and labeling help you as a consumer.

Packaging

C A **package** is the physical container or wrapping for a product. Developing a product's package is an **integral** part of product planning and promotion. It is estimated that ten percent of a product's retail price is spent on developing, designing, and producing just the package.

READING GUIDE

BEFORE YOU READ

Lead students in brainstorming reasons why companies package and label their products.

Develop Concepts

THE MAIN IDEA

Read the main idea aloud and ask volunteers to give specific examples of packaging and labeling that create a good impression, help sell the product, and communicate benefits.

AS YOU READ

Model for students how to create a two-column, two-row chart to keep track of benefits of packaging and labeling.

Functions of Packaging

A package does much more than hold a product; it is also a selling tool. Companies take great care when designing or redesigning their products' packages.

Packaging fulfills several functions, including promoting and selling the product, defining product identity, providing information, expressing benefits and features, ensuring safe use, and protecting the product, among others (see **Figure 31.1** on page 662).

Promoting and Selling the Product

Customer reaction to a product's package and its brand name is an important factor in its success or failure in the marketplace. Attractive, colorful, and visually appealing packages have promotional value and can carry important messages about the product's performance, features, and benefits. As more and more stores become self-service, a product's package serves an increasingly important marketing function.

Sometimes marketers package or bundle two or more complementary products or services together in one package. The practice of packaging different products and services together is known as **mixed bundling**. Usually the mixed bundled price is cheaper than purchasing all the products separately. **Price bundling** occurs when two or more similar products are placed on sale for one package price.

A container's design can minimize sales lost to competitors' products. It can even create new sales opportunities. Pump soap containers were designed to be neater, cleaner, and easier to use than bar soaps. These new containers have not replaced bar soaps; instead, they provide a choice for customers. Pump-type dispensers created new sales and started an entire new line of soap products.

Defining Product Identity

Packages are often used to promote an image such as prestige, convenience, or status.

Providing Information

A package provides information for the customer. Many packages give directions for

using the product and information about its contents, product guarantees, nutritional value, or potential hazards.

Expressing Customer Needs

Product packages often come in various sizes to meet the needs of different market segments. Family packs are designed to meet the needs of larger families, while smaller packages are made for individuals. Specific examples include multipacks of beverages such as soda and juice, bulk sizes of paper packages, single-serving cans of soup, and family meals at fast-food outlets.

Both products and package designs must also keep up with changing lifestyles. Lunch kits with sliced meats and snack kits with cookies did not exist 30 years ago. Now, this product category is estimated to be a \$1 billion business.

Ensuring Safe Use

A package can also improve product safety for the customer. For example, many products formerly packaged in glass now come in plastic containers. To avoid misuse or product tampering, many nonprescription drugs, cosmetics, and food items are now sold in tamper-resistant packages such as blisterpacks and jars and plastic containers with sealed lids.

Blisterpacks are packages with preformed plastic molds surrounding individual items arranged on a backing.

Countless other products are packaged in childproof containers. These types of containers feature lids that are more difficult to open, thereby reducing the chances of accidental spills and poisonings.

Protecting the Product

In addition to helping sell the product, a package must also protect a product during shipping, storage, and display. The package design should also prevent or discourage tampering, prevent shoplifting, and protect against breakage and spoilage.

Airtight containers are especially important with perishable food products such as cheese or lunch meat.

TEACH

Discussion Starter

FUNCTIONS OF PACKAGING

Ask students to consider the following scenario: A company wants to increase sales of its peanut butter. All of its competitors sell peanut butter in jars, and it wants to take a new bold packaging stand. Ask: What other packaging should the company consider? As students brainstorm packaging ideas, have a volunteer write ideas on the board. Lead a discussion about the advantages and disadvantages of using each type of packaging for peanut butter.

D Develop Concepts Guided Practice

Providing Information Bring in examples of product packaging that provides a lot of information, such as food packaging or medicine packaging. Divide students into small groups of two or three and give each group a product package. Ask: What information is required by law? How do companies indicate which information is most important? Have groups list all the information they can find on the package and present their findings to the class.

Model You may want to look at one product package as a class and model for students how to identify the various types of product information on the package.



Online Activity

Online Product Information

Some companies, such as fast food restaurants, provide product information on their company Web site rather than on their product packaging. Have students choose a restaurant, visit their company Web site, and list the information they provide on their Web site that is not printed on their packaging. Have students share their findings with the class. Then, spark a discussion by asking students why companies might prefer not to have some information on their packaging.

TEACH CONTINUED

S Skill Practice

Independent Practice

Promoting and Selling the Product

L1 Ask students to explain how consumers save money through mixed bundling or price bundling.

Consumers buy two or more complementary products or two or more similar products in a package for less than the price of buying the individual products separately.

L2 The price of one bottle of shampoo is \$2.49. The price of two bottles of shampoo price-bundled is \$3.99. How much is the consumer saving by purchasing the price-bundled shampoo instead of buying two separate bottles?

The consumer saves \$.99; $\$2.49 \times 2 = \4.98 ; $\$4.98 - \$3.99 = \$.99$

L3 Provide students with a list of various personal care products such as soap, shampoo, conditioner, body wash, etc. and their individual prices. Products should all be from the same brand. Have students choose products that complement each other and come up with various mixed bundling ideas. Have students price each mixed bundle and calculate the consumer savings over buying the products individually.

C Critical Thinking

Protecting the Product Have students choose partners and tell them that they will be designing a new form of packaging for eggs. They should consider product safety during shipping, storage, and display, as well as preventing tampering and shoplifting and protecting against breakage and spoilage. Have each pair draw and label plans for their new packaging.

Figure 31.1 The Functions of Packaging

- **Buy Me!** Packaging serves many purposes, from product protection to attracting customers' attention. It is a selling tool that promotes and sells the product, defines the product's identity, provides information, ensures safe use, and protects the product.

How can nutritional information on packaging help promote a product, as well?

PROMOTING AND SELLING THE PRODUCT



A well-designed package is a powerful point-of-purchase selling device because it can make a product stand out from its competition.

DEFINING PRODUCT IDENTITY



Packaging can be a crucial part of an overall marketing strategy for a product—particularly its advertising component.

PROVIDING INFORMATION



Packaging gives customers useful information through labels: directions for use, nutritional information, and instructions for care.

MEETING CUSTOMERS' NEEDS



When designing packages, product planners analyze customer lifestyles and create packaging that meets customers' needs for size and convenience.

ENSURING SAFE USE



Proper packaging, such as childproof caps, helps to eliminate potential injuries or misuse of a product.

PROTECTING THE PRODUCT

Packaging can protect a product from damage or spoilage.



@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a project on packaging.

Figure 31.1 The Functions of Packaging

Discussion Ask students to explain how they think each product featured in **Figure 31.1** serves the corresponding function of packaging. For each packaging function (promoting and selling the product, defining product identity, providing information, ensuring safe use, and protecting the product), have students brainstorm examples of other products whose packaging serves that same function.

Caption Answer Nutritional information on a label will help sell a product to someone who is health-conscious, on a specialized diet, or has food allergies.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

If product planners do not consider these factors when designing packaging, companies run the risk of losing business as well as eroding their brand images.

Contemporary Packaging Issues

Product packaging offers companies unique opportunities to incorporate the latest technologies and address lifestyle changes as well as environmental, social, and political concerns.

Aseptic Packaging

Aseptic packaging incorporates a technology that keeps foods fresh without refrigeration for extended **periods**. The process involves separately sterilizing the package and the food product, and filling and sealing the package in a sterile environment. Canning and bottling are aseptic methods of food storage.

Environmental Packaging

Companies are trying to develop packages that respond to consumer demand for environmentally sensitive designs. Recent public opinion surveys show that most Americans support less wasteful packaging. They are even willing to pay more for products that reduce waste. In response to consumer concern, companies are making more packages that are reusable, recyclable, and safer for the environment.

Many companies that manufacture spray products such as hair products, air freshener, and paint have switched from using aerosol cans to pump dispensers, which do not release ozone-destroying chlorofluorocarbons, or CFCs, into the atmosphere.

Cause Packaging

Some companies are also using their packages to promote social and political causes.

D Develop Concepts

Guided Practice

Environmental Packaging Ask students to list the typical foods they eat during a day and describe the packaging used for each food: Do they recycle the packaging or throw it away? Of the packaging they throw away, could any of it be recycled? On a two-column chart, have students list in one column foods they eat whose packaging can be recycled, and in the other column list foods whose packaging cannot be recycled. On the board, create a class chart of recyclable and non-recyclable food packaging. Lead a discussion about which column is longer and whether students feel it is important to be able to recycle food packaging.

Explain Explain to students what types of materials are recyclable. You may want to have a city representative come in to class and explain the city's recycling program, or pass out materials explaining the different types of recyclable materials.

Extend Ask students to choose a product from their list of non-recyclable products. Have students brainstorm how to change that product's packaging to be recyclable.



GLOBAL MARKET

They Got Sole

High fashion can have very humble beginnings. Dr. Martens boots, known as *Doc Martens*, are the invention of a German doctor who wanted to create work shoes for people with foot problems. They were an immediate hit among fashion trendsetters, became a British cultural symbol, and are now popular on many continents.

Their popularity is in part due to their broad appeal. In the United States, musicians and rockers of the grunge, alternative, garage band, and ska scenes wore them in the late 1980s and 1990s. But they were also part of the mainstream marketplace.

Regional Differences But not everyone likes the same Docs. Europeans wear Doc Martens in bright colors, such as reds, greens, and blues. In Japan, younger women and some men like classic mid-calf-high boots in colors. Americans prefer black, brown, and tan. Americans are more likely to buy hiking boot styles because of a more casual lifestyle.

Aside from the color differences, all Doc Martens have certain design elements in common. According to the company's marketing director, all Docs have a thick, deeply treaded sole that extends beyond the upper and heavy stitching, often in white, along its seams.



CRITICAL THINKING

How can marketers develop a global brand but still address local needs?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a project on global marketing of brands.



GLOBAL MARKET

They Got Sole

Discussion Lead a discussion about why different cultures prefer different styles. Ask students if they agree with the statement that Americans prefer the hiking boot style in black, brown, and tan.

CRITICAL THINKING **Answer:** Maintaining a global brand involves keeping an eye on what is popular in each local market and adjusting to different customer preferences. If the basic product is appealing, it has a good chance of being adopted with modifications appropriate to that culture.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

TEACH CONTINUED

D Develop Concepts
Guided Practice

Cause Packaging Give students a worksheet with a list of brands or products on one side and the causes they promote on the other side. Have students match which brands/products they think go with each cause. Give students the correct answers and discuss if each brand/product is related to the cause on its packaging. Ask students if they feel companies should use their product packaging to promote social or political causes. Ask students to make a list of causes they think would be acceptable to the general public, and a list of causes they think are too controversial to be used on packaging.

Demonstrate Bring in examples of cause packaging and lead discussion about the different ways companies use packaging to promote a cause.

Follow Up Have students select a cause and a brand or product they think would be a good match with that cause. Have students write a letter to the president or board of the company persuading them to promote their cause through cause packaging.

C Critical Thinking

Labeling Laws Make a list of various federal, state, and local labeling laws. Assign a law to each student and have students research the law, including the requirements of the law, when it was established, why it was established, products affected by the law, and any court cases regarding the law. Have students present their findings in an oral report and supply a visual aid showing the part of the product label to which their law pertains.

• **YOGURT on a MISSION** The Stonyfield Farm yogurt company prints messages on the lids of its containers. Stonyfield Farm donates ten percent of its profits each year to efforts that help protect or restore the Earth. The company also strives to educate consumers on key health and environmental issues.

What message is the labeling of this product sending?



This practice is known as **cause packaging**. The issues on the packages may be totally unrelated to the products inside. Ben & Jerry's ice cream cartons promote saving the rain forests and express opposition to the use of bovine growth hormone to stimulate milk production in cows.

D Printing messages on packages encourages consumers to participate in or think about issues. In many ways, cause packaging is also a company's attempt to differentiate its products from those of its competitors.

Labeling

C 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. Labels also protect businesses from legal

liability if a consumer is injured during the use of its product. Fear of litigation, consumer pressure, government regulation, and concern for consumer safety are all factors that have compelled manufacturers to place more detailed information on labels.

There are three kinds of labels: brand, descriptive, and grade.

The **brand label** gives the brand name, trademark, or logo. For example, some bananas are stamped with the Chiquita brand label. Although this is an acceptable form of labeling, it does not supply sufficient product information.

A **descriptive label** gives information about the product's use, construction, care, performance, and other features. For example, food labels include product illustrations, weight statements, dating and storage information, ingredients, product guarantees,

AD GUIDE

• YOGURT on a MISSION

Discussion Point out that this ad appeals to consumers' concern for the environment. Ask students if they would be more likely to buy a product that addresses environmental concerns and have them give reasons for their decision.

Caption Answer Answers may include: The word *organic* suggests that the yogurt is good for your body, and that the product is environmentally friendly. *Lowfat* would appeal to calorie-conscious shoppers.

Follow Up Organic products often project an image of being environmentally friendly. Have students research organic brands, choose one, and write a one-page report detailing in what way a particular organic brand helps support a sustainable environment.

and the manufacturer's name and address. Product illustrations must represent what is in the package. Weight statements give the net weight of the entire product minus the package or liquid in which it is packed.

Date and storage information is necessary for food items. Date information includes the "packed on" date (date food was packed), the "sell by" date (last date product should be sold), the "best if used by" date (last date for

use for top quality), and the expiration date (date after which the product should not be used). Storage information tells how the product should be stored to have the least waste and best quality. Descriptive labels do not necessarily always contain all the information that consumers need when making a buying decision.

Nonfood labels usually provide consumers with instructions for the proper use and

Case Study

Looking for the Cool Factor

The Wrigley company has not spent a lot of time remaking its products over the years. It has been making its Juicy Fruit and Spearmint flavors for more than 100 years, and its Doublemint brand for more than 90 years. But recently the company wanted to expand its sales and extend its brand. So the company turned to Skippies for advice.

Ask the Teens

Skippies, short for School Kids with Income and Purchasing Power, are a target market segment that is getting more attention from market researchers. Teenagers spent \$179 billion on products for themselves or their family households in 2006, up from \$170 billion in 2003 according to a survey conducted by Teenage Research Unlimited.

Once Wrigley consulted with the Skippies, it introduced a new kind of Juicy Fruit in Strapleberry and Grapermelon flavors. Instead of having the normal long, flat shape with shiny foil around each stick, the new gum is candy-coated individual pieces packaged in blisterpacks. The gum package is flatter and wider than the traditional gum package and it has an inner case that slides out. The company also launched a tongue-twister contest on its Web site, offering free gum to winners. The traditional Juicy Fruit sticks are still on the market.



THINK STRATEGICALLY

Why are companies attempting to make connections with the youth market? Are there any problems with remaking a traditional brand?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a project on marketing to teens.



Case Study

Looking for the Cool Factor

Discussion After students read the Case Study, ask volunteers to give their opinion on the new Juicy Fruit gum. Ask: Have students tried the new gum or seen the advertisements? Does the fact that the new gum is a brand extension of the original Juicy Fruit positively or negatively impact their opinion?

THINK STRATEGICALLY

Answer: Marketers view this market as huge and want to capitalize on it. The packaging, name changes, and games are attempts to appeal to young people. The danger is that the company will dilute its original market and alienate long-time customers.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

S Skill Practice

Independent Practice

Labeling

L1 Ask students to list the three types of labels and give an example of each. Examples will vary; sample answers follow: brand label—Chiquita brand label on bananas; descriptive label—food labels with dating and storage information or nonfood labels with care instructions; grade label—eggs labeled with a quality grade.

L2 Ask students to create a visual aid showing the three types of labels. Have students write the three types of labels on a poster board and have students list characteristics of each label type and draw pictures of examples.

Types of labels include: brand, descriptive, and grade; pictures will vary.

L3 Give students examples of products that would be labeled with each of three types of labels (such as the labels on an apple, a box of cookies, and a carton of eggs). On three sheets of paper, have students draw a mock label for each product, including all the elements that would be on each label. On the descriptive label, have students identify all the parts of the label.

Product illustrations, weight statements, dating and storage information, universal product code, product guarantees, and the manufacturer's name and address.

Demonstrate You may want to bring in products that have examples of each type of label.

Model On the board, draw a large square and fill in all the parts of a descriptive label, including product illustrations, weight statements, dating and storage information, universal product code, product guarantees, and the manufacturer's name and address.

ASSESS

CONCEPTS

1. Ask students to list the functions of product packaging.
Promoting and selling the product, defining product identity, providing information, expressing benefits and features, ensuring safe use, and protecting the product.
2. Ask students to recall the three types of labels.
Brand, descriptive, and grade.

KEY TERMS

Have students review key terms, their spellings, and definitions in small groups.

RETEACH

INDEPENDENT REVIEW

- L1** Assign and review Chapter 31 activities in the Student Activity Workbook.
- L2** Assign and review Chapter 31 activities in the Marketing Math Workbook.
- L3** Assign and review Chapter 31 activities in the *BusinessWeek* Reader with Case Studies.

ASSESS

AFTER YOU READ

Have students complete the Section 31.2 After You Read section review.

ONLINE STUDY TOOLS

Have students go to the *Marketing Essentials* OLC through glencoe.com for the Section 31.2 practice test.

care of products. They also give manufacturers a convenient place to communicate warranty information and product use warnings. Notices of electrical hazard, flammability, and poisonous ingredients are required on the labels of certain categories of products. Due to increased international business, labels might contain symbols in addition to words. These symbols give graphic instructions on how to wash, cook, or care for the product.

The manufacturer's name and address is provided so consumers can write for more information or to register a complaint. Many packages include the company's Web address, encouraging consumers to visit for more information. Some labels include a customer service phone number that consumers can contact for questions or problems.

A **grade label** states the quality of the product. For example, eggs are grade-labeled AA, A, and B; corn and wheat are grade-labeled 1 and 2; and canned fruit is often grade-labeled A, B, or C.

Labeling Laws

In the past, the public has criticized companies for failing to offer complete and truthful information on product labels. Consumers also complained about the lack of uniformity in labeling. As a result of these complaints and concerns, labeling laws were established. Many package labels must now meet local, state, and federal standards. Federal mandates require that the name and address of the manufacturer, packer, or distributor and the quantity of contents appear on labels. These standards prevent manufacturers from misleading consumers with deceptive or incomplete packaging labels.

The Fair Packaging and Labeling Act (FPLA) of 1966 established mandatory labeling requirements and authorized the U.S. Food and Drug Administration (FDA) and the Federal Trade Commission (FTC) to establish packaging regulations. A 1992 amendment to the FPLA called for packages of selected products to include metric measurements. The amendment, which went into effect in 1994,

mandates that product weight be listed in American and metric weights and measures.

In today's global marketplace, companies must also consider the labeling laws of other countries. Some countries require bilingual labels. Others require that every ingredient in a product be listed on the label.

The Federal Food and Drug Administration

The federal Nutrition Labeling and Education Act passed in 1990 and enacted in 1994 protects consumers from deceptive labeling. This act, which is administered by the FDA, requires that labels give nutritional information on how a food fits into an overall daily diet. Labels must clearly state the amount of calories, fat, carbohydrates, sodium, cholesterol, and protein in each serving, as well as the percentage of a daily intake of 2,000 calories. The act also regulates health claims and defines descriptive terms to make them consistent on all products. These terms and phrases include *light* and *lite*, *free* (as in *fat free*, *salt free*, *cholesterol free*), *low*, *reduced*, and *good source of*.

The FDA also requires that manufacturers of certain products place health warnings on their packages. Beginning in 1989, all alcoholic beverage labels had to carry the following statement: "According to the Surgeon General, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects. Consumption of alcoholic beverages impairs the ability to drive a car or operate machinery and may cause health problems." Similar warnings of health risks are required on cigarette package labels.

The FDA also has proposed new regulations on genetically modified foods. The FDA is developing guidelines for voluntary labeling as to whether food products contain genetically modified organisms.

The Federal Trade Commission

Another federal agency involved with product labeling is the Federal Trade Commission (FTC). The FTC is also responsible for monitoring advertising that is false or misleading.



Extended Activity

Labeling Laws

Have students go to the FDA Web site and read the Federal Nutrition Labeling and Education Act. Have students research the act and write a one-page report summarizing the major points of the act that affect labeling, or have interested students give an oral presentation. Encourage students to create and use visual aids in their presentations.

The Care Labeling Rule, first introduced in 1972, requires that care labels be placed in textile clothing. The care labeling rules ensure that specific information about the care of garments be detailed on labels, including information related to washing, drying, and ironing.

The FTC released guidelines in 1992 for companies to follow when making environmental claims on product labels. Previously, many environmental terms had definitions that were not clear. When using the term *recycled* to describe the content of its products, a company must now show proof that it has retrieved or recovered a designated amount of scraps or materials from the waste stream. The term *recyclable* can be used only if the product or package can be re-used as raw material for a new product or package. The terms *ozone safe* and *ozone friendly* can be used only if the products do not contain any ozone-depleting chemicals. The terms *degradable*, *biodegradable*,

and *photodegradable* can be used only if the product will decompose into elements found in nature within a reasonably short period of time after disposal.

U.S. Department of Agriculture

The rise of specialty markets for organic foods, which totaled \$13.8 billion in sales in 2005, has compelled the U.S. Department of Agriculture (USDA) to issue legal standards and certification requirements for organic labels. The National Organic Rule dictates that companies must reserve the words *100 percent organic* and *organic* for use with foods that are produced without hormones, antibiotics, herbicides, insecticides, chemicals, genetic modification, or germ-killing radiation. The certified organic label requires both products and producers to be certified.

The Country of Origin Labeling (COOL) Act signed in 2002 took effect in September of 2007. This new law is also administered by the USDA and will require that a country-of-origin label be placed on all fruits, vegetables, peanuts, meats, and fish in the future.

CLOSE

CULMINATING ACTIVITY

Have students complete the following statements:

- The purposes of packaging are _____.
to hold the product, to promote it, to help define its identity, to provide product information, to meet customer needs with various sizes available, to ensure safe use, and to protect the product
- The main functions of labels are _____.
to give product content and directions for use, and to protect businesses from legal liability for mishaps involving their products

31.2 AFTER YOU READ

Key Terms and Concepts

- Why is a package important to product planning?
- What are the main functions of product packaging?
- What three federal agencies regulate labeling laws?

Academic Skills

Math

- Robinson & Provost, Inc., a name branding agency, was paid \$15,000 by Happy Wanderers Travel Agency for the research and development of the agency's corporate trade name and trademark. Robinson & Provost's graphic designer was paid \$6,475 for her creative work on this project. Her salary was what percentage of the entire amount?

CONCEPT Number and Operations:

Division When solving problems that involve percents, it is usually a matter of dividing one value by another.

- To solve this problem, divide the salary of the graphic designer by the total amount paid to the agency to determine what percent the designer's salary was of the total.



For help, go to the Math Appendix located at the back of this book.

Social Studies/Government

- Use the Internet or library resources to study one of the federal labeling laws explained in this chapter. Write a one- to two-page report on how the government enforces the law that you investigated.



Extended Activity

Ask students what would happen if product labels were not regulated by law. What problems might occur? Have students discuss their answers in class.



NCLB Activity correlated to Mathematics and Social Studies Standards

@ Online Action!

Check your answers at the *Marketing Essentials* OLC through glencoe.com.

glencoe.com



31.2 AFTER YOU READ

Key Terms and Concepts

- A package represents the size, shape, and final appearance of a product at the time of sale and helps to sell the product, which makes it important to product planning.
- Functions of packaging include promoting and selling the product, defining product identity, providing information, expressing

benefits and features, ensuring safe use, and protecting the product.

- The agencies are the Federal Food and Drug Administration, Federal Trade Commission, and the U.S. Department of Agriculture.

Academic Skills

- 43.1 percent; $\$6,475 \div \$15,000 = 43.1$ percent
- Students should identify the name and purpose of the law, the agency that administers it, and how the law affects product labeling.

@ Online Action!

Find answers at the *Marketing Essentials* OLC through glencoe.com.

CAREERS IN MARKETING

Lifelong Learning

CAREER INFORMATION

Have students go to the *Marketing Essentials* OLC through glencoe.com, find Chapter 31 Careers page, and click on the link for the American Marketing Association's Careers Strategies and Tips. Ask students to select one article, read it, and summarize it in three short paragraphs.

BRANDING

Newspapers and magazines often cover consumer and industry branding news, including stories on national and private label brands and the future of branding. Branding news should remain of interest to students throughout their careers, whether as consumers purchasing brands or marketers selling brands.

Primary Source

Ask students to go to the *Marketing Essentials* OLC through glencoe.com and find Chapter 31 Resources. Ask them to click on the link for the American Marketing Association's marketing dictionary and read the definitions of any terms related to branding, packaging, and labeling they find.

THINKING CRITICALLY

A marketing degree will help an entrepreneur understand the process of identifying, advertising, and selling to a target market.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

CAREERS IN MARKETING



TRACEY MCFALL
OWNER
KINDHEARTED WOMEN,
BABY CARE PRODUCTS

? What do you do at work?

I develop and create formulas and recipes for cosmetic and body care products such as lotions, body butters, hair conditioners, baby care products, and the like. I test, package, label, and advertise my products myself.

I have a partner who makes baby diapers and diapering

supplies. Development of effective formulas requires not only knowledge of raw materials and how they do what they do, but some knowledge of basic chemistry as well.

? What skills are most important to you?

The ability to listen to customer feedback. Sometimes I may love a product, but it is not selling. I need to do a little troubleshooting and find out why. Adjustment may be needed in ingredients, marketing, and/or pricing. Sometimes the problem is as simple as a label design flaw or an unappealing bottle or jar—I guess another important skill is the ability to be a bit of a detective.

? What is your key to success?

Secure financial backing; research and know your market. Set aside a fair amount for advertising and track what works and what doesn't, be diverse while remembering you can't do it all—you still need a niche. Never sacrifice product quality or your moral values for sales. Most of all, be patient, and remember that most small businesses fail within the first year.

Aptitudes, Abilities, and Skills

Creativity, research skills, product knowledge, customer service and communication skills

Academics and Education

Courses marketing, communication, general business

Degrees High School, BA

Career Path

This is an entrepreneurial career, which means it can start anywhere. Product development positions at large corporations are high-level positions, though, and require substantial marketing and product design experience.

Career Outlook

Growth about as fast as average for the next ten years

Source: *Occupational Outlook Handbook*

THINKING CRITICALLY

How might someone in this entrepreneurial career benefit from a marketing degree?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a career-related activity.

Test-Taking Strategies

Read aloud all chapter heads and subheads, pausing after each to give students time to write down main ideas from each section. Review any concepts students are unsure of or confused about and instruct students to spend extra time studying these concepts.

FOCUS on KEY POINTS

SECTION 31.1

- A brand is a name, term, design, or symbol (or combination of these elements) that identifies a product or service. Brands can include a trade name, brand name, brand mark, trade character, and trademark. Branding strategies include brand extensions, brand licensing, mixed branding, and co-branding. Effective use of brand strategies can increase sales of branded products and maximize company revenues.

SECTION 31.2

- The functions of packaging include promoting and selling the product, defining product identity, providing information, expressing benefits and features to customers, ensuring safe use, and protecting the product. The main function of a label is to inform customers about a product's contents and give directions for use. Labels also protect businesses from legal liability that may occur if a consumer misuses the product.

REVIEW VOCABULARY

- On a sheet of paper, use each of these key terms and academic vocabulary words in a written sentence.

Key Terms

- | | | |
|---------------------------------------|------------------------------|------------------------------|
| ● brand (p. 654) | ● brand extension (p. 658) | ● label (p. 664) |
| ● brand name (p. 655) | ● brand licensing (p. 658) | ● brand label (p. 664) |
| ● trade name (p. 655) | ● mixed brand (p. 659) | ● descriptive label (p. 664) |
| ● brand mark (p. 656) | ● co-branding (p. 659) | ● grade label (p. 666) |
| ● trade character (p. 656) | ● package (p. 660) | |
| ● trademark (p. 656) | ● mixed bundling (p. 661) | Academic Vocabulary |
| ● national brands (p. 657) | ● price bundling (p. 661) | ● component (p. 654) |
| ● private distributor brands (p. 657) | ● blisterpacks (p. 661) | ● distinct (p. 655) |
| ● generic brands (p. 658) | ● aseptic packaging (p. 663) | ● integral (p. 660) |
| | ● cause packaging (p. 664) | ● period (p. 663) |

REVIEW FACTS and IDEAS

- What is the difference between brand extension and brand licensing? (31.1)
- What is a mixed-brand strategy? (31.1)
- What is a grade label? (31.2)
- Explain three types of packaging. (31.2)
- Why is developing a package an important part of the marketing process? (31.2)
- Name two types of bundling. (31.2)
- What types of product information might be on a package? (31.2)
- Describe a brand label. (31.2)
- What types of information are found on a food label? (31.2)
- What types of information are found on a nonfood label? (31.2)

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FOCUS on KEY POINTS

Ask volunteers to read the summaries aloud and give the classroom one real-life example for each concept.

REVIEW VOCABULARY

See the Glossary at the back of this book for definitions of Key Terms. Academic Vocabulary definitions are on the book's OLC.

- A sample answer might read:
Key Terms A *brand* is a name, term, design, symbol, or combination of these elements that identifies a product or service.
Academic Vocabulary *Distinct* means distinguishable to the eye or mind as discrete; also separate.

REVIEW FACTS and IDEAS

- Brand extension extends a familiar or original brand name for other items in the product line. Brand licensing is the legal authorization by a brand owner to allow another company to use the brand, logo, or trademark for a fee.
- In a mixed-brand strategy, a national brand product is sold under another company's brand. This enables the manufacturer to maximize profits by reaching new markets through the use of private brands while maintaining customer loyalty to its national brand.
- A grade label states the quality, or grade, of a product.
- Answers might include: aseptic packaging (packages using technology to keep foods fresh without refrigeration); environmental packaging (packages which are reusable, recyclable, and safer for the environment); and cause packaging (packages which promote social and political causes).
- Packaging helps promote and sell the product, and define the product's identity; provides information about the product; expresses its benefits and features; ensures safe use; and protects the product among several other functions.
- mix bundling; price bundling
- Many packages give directions for using the product and information about its contents, product guarantees, nutritional value, or potential hazards.
- The brand label includes the brand name, trademark, or logo.
- Food labels include product illustrations, weight statements, dating and storage information, ingredients, product guarantees, date and storage information, and the manufacturer's name and address.
- Nonfood labels usually provide consumers with instructions for the proper use and care of products. They also give manufacturers a convenient place to communicate warranty information and product uses warnings.

BUILD REAL-WORLD SKILLS

12. Workplace Skills

Research reports should demonstrate an understanding of the concepts product line and brand. Students should explain the differences and similarities among the products in the product line chosen.

13. Technology Applications

Students should record and describe the specific process used for recycling an identified item.

BUILD ACADEMIC SKILLS

14. Math Practice

Reports should indicate an understanding of the mathematical method used to calculate brand valuation.

15. Science

Accept all reasonable reports that discuss the uniqueness of the product's packaging. Examples could include the way some recording companies have creatively packaged CDs to encourage young people to buy them instead of downloading the music online.

DEVELOP CRITICAL THINKING

16. For Kids Only

Answers may include: This segment of the market is as large as the baby boom generation. Companies want to capitalize on this portion of the marketplace and create products that target children in order for them to influence families' purchasing choices.

APPLY CONCEPTS

17. Investigating Brand Licensing

Accept all reports that demonstrate an understanding of the brand licensing arrangement.

BUILD REAL-WORLD SKILLS

12. Workplace Skills

Research Skills Select one line of products that is of interest to you. Identify the various brands sold in that product line. Use the Internet and corporate Web sites to find out specific product information. List the similarities and differences among the products.

13. Technology Applications

The Recycling Process Research the process used to recycle paper, cardboard, glass, plastic, wood, or other packaging materials. Create a chart that illustrates and describes the type of recycling process for the material selected.

DEVELOP CRITICAL THINKING

16. For Kids Only

A few brands of yogurt now package their product in soft plastic tubes that can be squeezed. The concept is that it is yogurt "on the go." This idea might have targeted a broad market segment, but instead, those companies have single-mindedly chosen to target primary and middle-school-aged children and their families.

Why do you think manufacturers chose this market segmentation? How does the packaging relate to the target market?

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BUILD ACADEMIC SKILLS

14. Math Practice

Brand Valuation Perform an Internet search on the mathematical method used by Interbrand to determine brand valuation. Summarize the procedure in a written one-page report.

CONCEPT Problem Solving: Brand

Value Brand value is the value attributed to a brand in addition to the main product or service. Determining the value of a brand can be complicated because it can include such things as the perceived status that buying a particular brand can bring.



For help, go to the Math Appendix located at the back of this book.

15. English Language Arts/Writing

Packaging The packaging of a product can affect many things. One of the more important things it can affect is sales. Choose a product that you feel offers unique packaging. Write a paragraph describing the packaging. Include such things as what makes the packaging unique and how the uniqueness helps or hurts the value of the brand.

APPLY CONCEPTS

17. Investigating Brand Licensing

Investigate an existing brand licensing arrangement. Use business publications or online sources such as Brandweek, Adweek, BusinessWeek, Fortune, Forbes, Marketing News, or Creative Magazine.com to find applicable information.

Activity In a one-page paper, summarize the companies involved and how the licensing arrangement was established.

**Formative Assessment**

Formative assessment is an essential component of classroom work. This type of assessment provides information that is then used as feedback to modify teaching and meet student needs.

L1 Have students explain how each key term relates to branding, packaging, and labeling.

L2 Give students examples of well-known brands and have students write a paragraph about each brand, using the key terms and concepts from the chapter.

L3 Have students write an essay relating the concepts of branding, packaging, and labeling.

**Reteach**

If the results of this formative assessment seem low, consider the following activity:

Read each of the major section heads aloud and have students fill in the subheads for each section.

NET SAVVY

18. Advergames

Locate an advergame Web site. Some possible choices include the sites of Procter & Gamble, Wrigley, Kellogg's, Kraft, Pepsi, McDonald's, General Mills, or Hershey's. Play one of the sponsored games. Prepare an oral presentation with an accompanying electronic presentation describing the game, how it is played, and what you liked and disliked about the game.

1. 00000
2. 00000
3. 00000
4. 00000
5. 00000

STANDARDIZED TEST PRACTICE

- Directions** Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.
What is the value of 30 percent on a \$27 product?
A \$9
B \$19.90
C \$3.10
D \$8.10
- Directions** Choose either True or False as the answer. Write the letter for the answer on a separate piece of paper.
Blister packs are considered aseptic packaging.
T
F

Test-Taking Tip

Eat well before taking a test. Have a nutritious meal and avoid junk food. Studies show that you need good nutrition to concentrate and perform your best.

glencoe.com



THE DECA CONNECTION

Role Play Toy Store Employee

Situation Assume the role of experienced employee of a toy store. You are working with a new employee (judge) to stock the shelves with new merchandise for a holiday selling season. There are a lot of different toys and a lot of toys that are similar but made by different companies. The new employee (judge) asks you why there are so many of the same types of merchandise with different brand names and the same brand name on so many different types of merchandise.

Activity You are to explain to the employee (judge) about branding and its importance to companies and customers.

Evaluation You will be evaluated on how well you meet the following performance indicators:

- Explain the nature of branding.
- Describe the uses of grades and standards in marketing.
- Explain the use of brand names in selling.
- Describe factors used by marketers to position products/businesses.
- Orient new employees.



Online Action!

For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through glencoe.com.

NET SAVVY

18. Advergames

Presentations will vary depending on advergame chosen and should show a student understanding of both the game and the advertising component.

STANDARDIZED TEST PRACTICE

ANSWERS

1. D 2. F

TEST-TAKING TIPS

When your students have a standardized test coming up, these last-minute tips and strategies will help students relax and do their best.

Test Format Help your students become familiar with the format of the specific test they are going to take by practicing with test items that imitate the actual test items.

Test Timing Have your students take one or more timed practice tests so that they become comfortable with the test format.

MINI-QUIZ

Read these sentences to the students and have them volunteer the missing word(s).

- A(n) _____ name identifies the company or a division of a particular corporation. (*trade*)
- A _____ strategy combines one or more brands to increase customer loyalty and sales for each individual brand. (*co-branding*)
- The physical container or wrapping for a product is called a(n) _____. (*package*)

For an expanded chapter quiz, go to Chapter 31 in the *TeacherWorks™ Plus* DVD and to Chapter 31 in the *ExamView® Assessment Suite*.

THE DECA CONNECTION

The students should be evaluated on the performance indicators noted in the role play. For another DECA role play, go to the *Competitive Events Workbook* or the *Student Activity Workbook*, or go to the *Marketing Essentials* OLC through glencoe.com.

Online Action! For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

DECA Advisors Corner

Invite a state officer or former DECA members to your school and/or chapter meeting to make presentations to your marketing classes. They can speak to other classes, to your co-op sponsors, or to fellow educators. This is a first-hand method of demonstrating the vast role that DECA plays in developing leadership, marketing, and managements skills in America's youth.