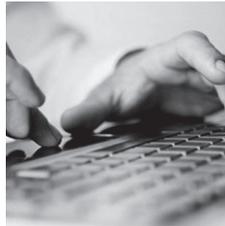


## Strategies for Success



### Innovation in Packaging

Over the last four years we have seen major movements affecting the packaging industry: the Green Movement followed by Innovation and then Sustainability. Now we are cycling back to Innovation. During this period we have conducted major research studies within the industry among thousands of specifiers, brand managers and purchasing executives. We see these same shifts in attitudes within other industries that we serve as well.

Have a look inside for these new insights into using innovation to create new sales for your company.

**Patrick J. Yanahan**  
President and CEO

### A Requirement for New Sales:

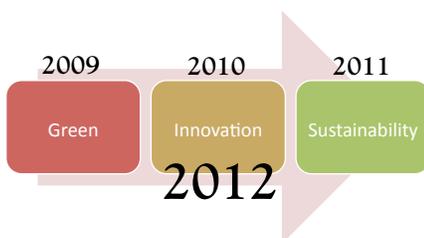
The definition of Innovation varies from industry to industry—sometimes, in fact, from company to company. Innovation is not just R&D or new technologies. What I would like to address in this paper is the *most useful* definition from the perspective of the plastics and packaging industry.

Here is our definition: *Innovation is the development of new products and services that satisfy the unmet or unknown needs of consumers.* If it meets needs and is properly marketed, it will sell. It is not innovative unless it sells.

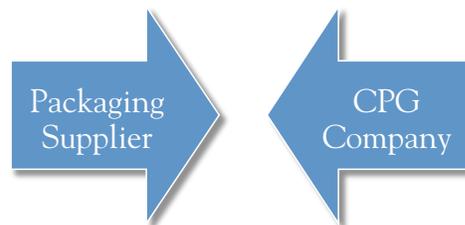
*What's an unknown need?* Think about the iPhone. Who knew they wanted one before it was invented? We have a vast array of smart phone and tablets, and now many of us cannot live without them. That's meeting an unknown need.

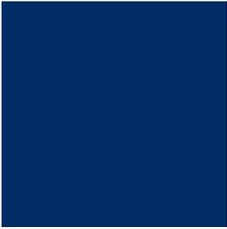
### To Sell to Your Customer, Know Your Customer's Customer

Winning new business used to require presenting something "innovative" (a new product or process or update based on new technology) to your customer. It was all about your relationship with your customer, who was most likely a Consumer Packaged Goods (CPG) manufacturer.



### Old Innovation Model





Now there's a new element in your relationship. Your customer wants to see a total understanding of what *his customer* wants. This means you must address non-technical specifications such as:

What will fill an existing or unexpected consumer need?

What will the consumer buy?

## New Innovation Model



Today the Krafts and Proctor & Gambles of the world expect packaging (and machine) suppliers to present research that demonstrates understanding of the needs and desires of the consumer. The late Steve Jobs' last two books include great illustrations of creating innovative ideas that the consumer would demand and buy. But even Thomas Edison and Henry Ford didn't work on anything unless they thought they could sell it.

### Understanding the Buying Team

Let's put this new sales paradigm into context: No matter who is your contact or point of entry at your prospective customer's company, a truly innovative new product that leads to major new sales will have to be accepted by the entire buying team. It is no longer just a price or specification sale.

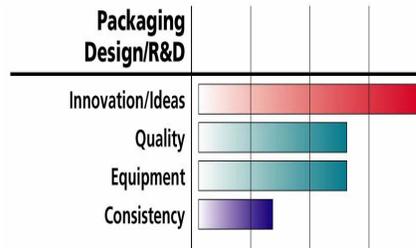
### Big New Ideas Must Be Team Approved



### What Team Members Want

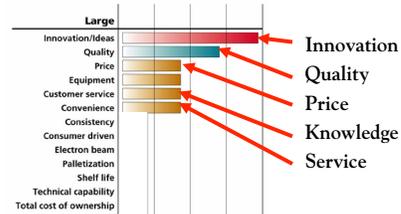
We did in-person interviews at several major CPG brands to determine what specific buying team members were looking for from suppliers like you. These were desires they communicated to Purchasing as factors to consider when talking to suppliers.

First, we interviewed Packaging Design and R&D management. Clearly they are looking for Innovation and Ideas from suppliers. They also value quality and consistency, which is important so that their equipment maintains uptime.



Next we spoke with Brand Management and Purchasing. For both of these titles Innovation and Quality were more important than Price. The new charge given to Purchasing was to find suppliers who could bring in new ideas and even total new products. They wanted suppliers who went beyond thinking just about packaging. They wanted suppliers who understood the consumer marketplace, the battle for shelf space, and most importantly the changing consumer demand for new products. These were the type of suppliers invited to participate in a new product launch. The need to minimize risk in a new product launch was critical.

**Brand Management/  
Purchasing**

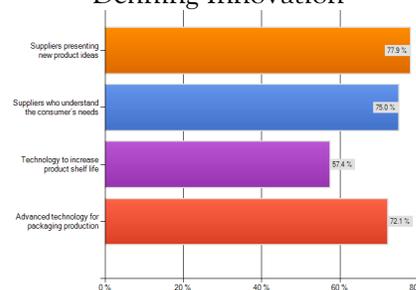


**Defining Innovation**

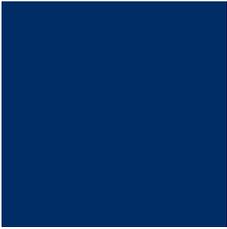
Given this desire for Innovation, we had to ask members of the Purchasing Team how they defined it. Was a new paradigm developing?

We discovered that Innovation included an understanding of consumer needs. CPG companies wanted supplier innovation to be more complete. They wanted to see suppliers walk in with a new type of flexible packaging film, but they wanted to also see the film converted into a package with graphics on it and to be shown consumer research that the new package would sell.

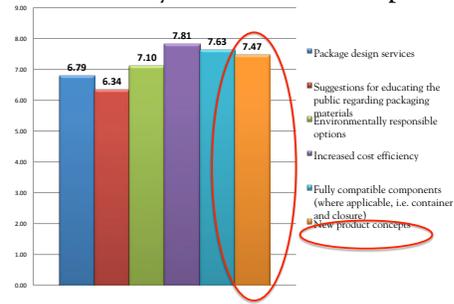
**Defining Innovation**



We further pressed the team on their expectations of suppliers like you. Not surprisingly, we see price sensitivity but also a further verification of the trend towards Innovation and New Product Concepts. This is the big point. They were looking for a total idea for a final package supported by consumer research.



### What do your customers expect?

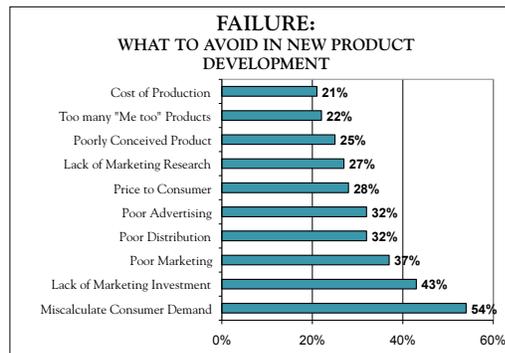


### It's All About the End Consumer

7 to 8,000 new consumer food products are introduced every year. Of those, 1,600 succeed. The typical grocery store has over 40,000 SKU's. The average family gets 90% of its weekly requirement by using 180 SKU's. The competition is fierce.

Companies introducing a new product must minimize their risks going in. Successful innovation means meeting an unmet or unknown consumer demand.

Stagnito Publishing conducted research on the sources of failure in new product launches. Notice that *understanding the consumer* and *effective marketing to the consumer* are behind the vast majority of the causes. For a product to succeed, the marketing must be embedded in the product from the conception state and carried through vigorously and consistently.



Credit: Stagnito Publishing

Overwhelmed? There are far more findings and implications to aid you in developing a sound selling strategy in this constantly changing market. The need to embed more than just the product specifications in your selling activities will be key to future success with the buying team. Contact us to learn how *Embedded Marketing* supports Innovation.