Project G was initiated as a result of a recent range review which had highlighted particular interest in changing the packaging for the company’s entire line of wraps, as well as a need for new packaging in project F (section 7.2.4). Wraps were currently “laid horizontally on their side in chilled displays… the team wanted better shelf space utilization and wanted to look into the footprint and orientation of the product” [RB9]. The marketing team in particular thought it would be a more effective display if “we used a portrait format… to create more shelf space and use a smaller amount of material” [RB11]. This method of packaging could also potentially have both cost and environmental advantages.

The main supplier of wraps was integrated into early discussions, and had no concerns with the investigations being undertaken: the development would have little impact on their production line costs, as a result of the hand-finished nature of the line. The supplier’s main concerns related to potential impact on line speeds, whether additional personnel would be required, and direct costs of the packaging.

The second stage involved evaluation of potential options. The team undertook a number of evaluations of competitors’ packaging and other known formats. Most supermarkets used a basic plastic bag in-box, although their main competitor used a plastic bag and special patented sleeve which could be torn open. The team was not convinced with these solutions, as they were not seen to be particularly effective, and did not represent a good environmental solution. The use of two layers of packaging was also seen as unnecessary. Conversely, the other patented pack was viewed as a good solution, but obviously could not be used.

The packaging team agreed to look for possible alternatives through their ongoing discussions with suppliers. Thanks to this networking, they were made aware of a new type of packaging, shown to them during a supplier’s visit to the company’s offices. The packaging team considered these types of meetings as important for development, as it kept them abreast of new developments, and they could push suppliers to create new solutions, using “its weight to apply pressure, to push these suppliers to develop something new and to innovate” [RB9].

This new packaging had not yet been implemented by any competitors; the team considered this to be particularly unique, and would benefit the process of differentiation. The format combined the advantages of a box and bag, but without
excessive use of materials. The supplier was asked to investigate the use of this new format for their wraps, and develop a prototype.

The supplier developed a number of prototypes of the right size and shape for the wrapped sandwiches. These were then sent to the retailer for evaluation. The packaging team immediately “sent the mockups to the marketing and category teams to look at… both really liked the solution” [RB10]. In these types of projects, the team adopted the approach of trying “to show buyers stuff early on, and get them warmed up and passionate about it…” [RB9], increasing the chances of getting it adopted. However, the team conceded that “if the costs are too high, we have to be realistic” [RB10]. Having gained the buyer’s acceptance, a larger number of packs were requested for trials to examine shelf life, undertake production line runs (particularly focused on line speed), and for delivery and transportation tests.

The results proved the packaging’s technical feasibility. The retailer then asked the supplier to undertake an analysis, and establish a cost. This was normally the core product supplier’s task, with the retailer only becoming involved where they could apply “additional pressure to push the costs down” [RB12]. In this case, the retailer’s integral role led to them requesting the costing. At this point, the supplier returned with a cost that was “16p more than the packaging currently used” [RB9]. When changes that put costs up were considered, the team discussed these with category managers and buyers. In this case, the increase was too significant. The manager conceded, “we have got to look at the value added … buyers won’t pay double”. As a result, the team had to “sandbag for now, as it is too expensive” [RB9]. The packaging was therefore considered not commercially viable, at this point at least.

8.3.6 Summary of Case Findings
The three projects discussed have provided insight into the management of packaging. The first case illustrated the integration of packaging into a range development. It was notable that the hand-finished nature of the production line enabled a larger number of packaging choices, due to less production line implications. Nevertheless, unit costs had a key impact in the development and rejection of the new packaging for wrap style sandwiches. Similarly, in the case of packaging for meat, lower unit costs influenced the format’s desirability. This case also provided insights into the importance of the consumer to the evaluation of potential changes, particularly in cases E and F.
8.4 PART 3- Case Study: Nestle

8.4.1 Background
This case examines one of the world’s leading food, nutrition, and drinks companies. The company developed and marketed a wide range of product categories. Each was managed in a separate strategic business unit (SBU). Category managers were responsible for each SBU, and the R&D undertaken in the associated Product Technology Centre (PTC). Within Nestle, there was also a central Nestle Research Centre, which undertook long term R&D projects in broad areas of significance to the company’s main markets.

In recent years, the significance of packaging had grown within Nestle, particularly following the appointment of a new Chief Executive. This study primarily focuses on the UK confectionery PTC, and its packaging team. This team could be called in as required; it was their intention that they were involved from the beginning of projects. However, “it does not always work like it should…” [BA14].

8.4.2 The Cases
Within Nestle, NPD projects primarily originated in one of three opportunity areas:

1. Strategic - an area the company wanted to invest in, to fulfil its strategies
2. Technological - where a new technology had been identified by either the NRC or PTC, or in a few cases, suppliers
3. Market - where a market research agency or SBU identified a potential opportunity

This following sections focus on three case projects, one corresponding to each of the above opportunity types. The first looks at a core product focused NPD project. The second also examines an NPD project, but with greater emphasis on the packaging. The final case examines packaging development. The projects are as follows:

H. A new chocolate bar using a new technological opportunity (2)
I. A new premium chocolate line, to be marketed alongside a branded line of coffees (1)
J. New packaging for a chocolate spread (3)
8.4.3 Project H: The development of a chocolate bar using a new production technology

This was a strategically important project. At the time of writing up this case study, the product had yet to be launched: hence some details are excluded on the basis of confidentiality. The process is captured in Figures 8.4.2 and 8.4.3.

Project H was initiated by SBU, who had been following the progress of a technological development utilised on a confectionery product within another SBU. The central HQ and SBU each recognised the potential benefits of implementing the technology into other confectioneries. Market, PTC and SBU worked together to examine how the technology could be applied, who would make the investments required, and explore branding. Market also enlisted a research agency to look at market opportunities. Authorisation was based on the likely demand for the product, and its’ fit with global strategy.

Figure 8.4.1: Picture of an example co-extruded wafer chocolate bar

The new technology could be applied to wafer based chocolates and chocolate bars, allowing the internals to be made and subsequently chocolate coated with no time gap in between, as opposed to the traditional process: which was slowed down by cooking and drying before coating. This improved production speed and costs. The disadvantage was that it negatively affected the product’s visual appearance, resulting in a more delicate bar. The project was to apply the technology to a new brand.
Figure 8.4.2: Summary of the key stages of the NPD project for this project.