The project was initiated by a new brand manager for one of the company’s premium crisps brands, who approached the head of the packaging team. This manager had “seen the block bottom gable top bag in use on other products, and liked the fact that it stands up on the shelf, and in consumer’s homes…. this could add value to the product and improve consumers’ perceptions” [BB21]. Furthermore, new formats, such as cardboard tubes and boxes, were increasingly being used in other snack foods. This further informed the rationale for exploring the gable top bag.

This was not the first time that the packaging team had been asked by a brand manager to investigate this type of packaging. The head of packaging noted that, “during my time here, many new managers have come into place to manage an existing brand….. There is a high level of turnover of brand managers in the sector, as they typically do not stay in place for a long period of time and like to switch between organizations to gain experience…. the change of brand managers has on a number of occasions resulted in a desire to make changes to the packaging format, as they want to ‘make their mark’….. the most common request is a block bottom ‘gable top’ bag, which we have received approximately once every six months” [BB21]. Most such requests have resulted in a project being initiated to investigate the feasibility and implications of this change.

The first issue investigated was whether the firm and its suppliers had the capability to produce this format. In the case of suppliers, the capability was simply not there; but for CrispChips, it was possible although three key issues would result from its adoption:

1. The need for new suppliers, and a resulting increase in costs - due to new contracts, lack of economies of scale and experience.
2. Increased costs in forming the packaging on the production line, particularly resulting from the need for additional equipment for folding and sealing. The process would also increase the time taken to form packs, and the number of stages in production, its complexity, and materials costs (indeed the folds lead to a significant increase in the materials required).
3. Costs would also be associated with ensuring the more complex packaging was effectively sealed on the line: further increasing production complexity and thus cost, and requiring additional investment in equipment.

These results revealed that significant barriers existed; and especially that such high costs were prohibitive to change. At an interim meeting, these findings were
discussed with the brand manager and buyers. The team continued their investigations, to fully establish the implications of adoption.

The team’s continued research led to the recognition of an additional issue. Changes to the primary packaging would impact on the tertiary packaging used to transport the snacks, as well as the transportation itself. Until this point, ‘pillow packs’ had been placed lying down in large boxes for transportation. However, “with Gable Top bags, in order to keep their shape and make sure they ultimately stand up on the shelf and display the product effectively,… they would need to be packed carefully into a box in a way that they would not get crumpled” [BB21]. Two potential solutions to this existed:

- The first solution (figure 8.5.10) was to place each bag one on top of another, with the top bag being inverted to fit in between.
- Second, the bags could be placed in a box on two separate layers (Figure 8.5.11), with a gap spacer, and each bag would need to stand upright.

Both these solutions would stop the bags from tessellating, and ensure they arrived at the retailer in suitable condition. However, each increased costs by decreasing the number of packs which would fit in a case. This in turn resulted in less packs per pallet, and less products being transported in a truck. Both solutions also added complexity to production and logistics. The packaging team was also concerned that shop floor staff would need to spend additional time in putting the product on the shelf, to ensure it was displayed effectively. This would not be well received by retailers.

Figures 8.5.10 (left) and 8.5.11 (right): Illustration of tertiary packaging solutions for block bottom gable top bags
Based on the combination of the issues identified, the packaging format was ruled out, as it had been on a number of other occasions. A buyer summarised what he considered to be the key problem: “Much of what the company actually transports [in terms of the product] is actually fresh air [as the packaging had to be filled with air in order to protect the product]…. The issue with this potential format is that it increased the amount of air being transported, which impacts on the transport costs. [Furthermore] ….as the business’s operations is based on low purchase price goods that are sold in high volumes, it’s key that these types of costs are kept down” [BB25]. Price increases to cover this were not considered an option, as the company’s ongoing research had found that “consumers are suspicious of other formats [than the pillow pack) and the additional price…” [BB21] incurred. Their unwillingness to pay a premium for this type of packaging rendered this more costly format commercially unviable.

8.5.6 Project N: Investigation of Packaging snacks in PLA Bags
This case examines a project initiated by the European snack goods division, to evaluate a technology pioneered in the company’s American division. This division had recently launched a new type of snack foods packaging, using a biodegradable PLA polymer made from corn. The European division was interested in the polymer, given its environmental benefits and potential consumer appeal. The project did not make it beyond the early stages of development before being halted, due to the number of issues identified.