

THE POSITIVE EFFECTS OF INGREDIENT BRANDING REACHED BY TETRA PAK ITALY*

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Summary: 1. Introduction; 2. Ingredient Branding: an overview; 3. Design, approach and methodology; 4. Analysis/Discussion; 5. Summary.

ABSTRACT

The aim of this article is to understand the key factors of success and advantages that Tetra Pak Italy reached thanks to Ingredient Branding (IB) implementation.

In order to reach the goal of the paper, direct and indirect data were analysed. The primary data are the outcome of an in-deep interview with the Tetra Pak Italy marketing director, while the secondary data comes out from reports made available by the company. The reports present results – codified in tables and figures – of the co-branding campaign.

The secondary data clearly showed that the IB strategy was successful. The use of primary data allows to identify the existence of several key factors of success of Tetra Pak Italy implementation of IB.

This paper is a step in a stream of research that analyses IB in the supplier's perspective. The contribution of the paper should not, however, be overstated. Actually, the analysis presents an initial foray into the realm of IB.

KEY WORDS Tetra Pak Italy | Ingredient Branding | business-to-business | co-marketing.

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1. Introduction

Branding theory has developed mainly in the context of consumer products; yet, most economies are characterised by a preponderance of companies selling B2B or industrial products (Donaldson, 1996; Mudambi, Doyle and Wong, 1997; Mudambi, 2002). Understanding how branding works in industrial markets is consequently a priority (Shipley and Howard, 1993; Rozin and Magnusson, 2003).

The aim of this article is to understand the key factors of success and advantages that Tetra Pak Italy reached thanks to Ingredient Branding (IB) implementation.

In order to allow the reader to understand the Tetra Pak Italy allied campaign some of the distinctive features of ingredient branding (IB) are discussed.

2. Ingredient Branding: an overview

IB is a particular kind of promotional alliance (Norris, 1992; Desai and Keller, 2002). It is an accepted marketing device (Norris, 1992; Dover, 1997) that has only recently started to emerge (Kotler and Keller, 2006; Kotler and Pfoertsch, 2006). In today's global economy, companies have to establish and maintain competitive advantage, create commercial success in the market and provide criteria to differentiate them from their competitors (Trinquecoste, 1999; Bartlett *et al.*, 2004). Until recently, the focus was on tangible, but has now shifted toward intangible resources, such as brands (Carpenter *et al.*, 1994; Kapferer, 2001; Keller and Webster, 2004) and customer loyalty. For this purpose, companies and organizations favour branding efforts that create value for both consumers and companies. This has also had an impact on industrial marketing such as the B2B market, where the fundamentals of IB apply. For this reason, in today's fast-changing markets scenario, IB is becoming a major marketing strategy as demonstrated by the increasing number of products sold with embedded branded components (Prince and Davies 2002; Cooke and Ryan 2000; Washburn *et al.*, 2004). Thus, the main features of IB are delineated in order to clarify the relative concepts and characteristics linked to IB.

IB is a special form of alliance between two brands (Ohmae, 1989; Lorange and Roos, 1992; Parkhe, 1993), based on the cooperation between firms in designing and delivering the product, with particular emphasis on the recognition and identification of the components used in the end product (Pfoertsch and Mueller, 2006; Luczak *et al.*, 2007). It is worth noting that IB can be analysed from two perspectives: the manufacturer's or the supplier's – this is the case considered in the present paper (Pfoertsch and Mueller, 2006).

Evidence would appear to indicate that branded ingredients affect consumer product quality perceptions, product evaluations, likelihood of purchase, and reservation prices of host brands of varying quality (Norris, 1992).

3. Design, approach and methodology

The use of different methods, applied synergically, is almost universally used at the new concept and theory stage (Dean, 2004). In order to reach the goal of the paper, direct and indirect data were consequently analysed. The primary data are the outcome of an in-deep interview with the Tetra Pak Italy marketing director, while the secondary data comes out from reports made available by the company. The reports present results – codified in tables and figures – of the co-branding campaign. Thus, two different approaches were used to ascertain the implementation of IB strategy.

The Marketing Director of Tetra Pak Italy was asked to speak about the main tools and actions the company used to communicate with their partners in this campaign during an in-depth phone interview. This method – the qualitative approach – is almost always used in communication research (Dean, 2004). It has to be considered as a first step of investigation that should be followed by other research.

About the secondary data, they offer results on the Tetra Pak Italy post-campaign effects, measured thanks to a questionnaire submitted to customers. Actually, they present: Tetra Pak Image, intention to buy Tetra Pak packages and awareness of Tetra Pak as a brand. These three items, on which the questionnaire focussed, allow to understand the effects of the campaign.

4. Analysis/Discussion

As is well known, Tetra Pak is a multinational food processing and packaging company of Swedish origin. An important part of Tetra Pak's mission is to “create profitable growth in harmony with environmental sustainability and good corporate citizenship”.

In 2005 the Italian branch of Tetra Pak, Tetra Pak Italy was involved in the ITX emergency – (isopropyl thioxanthone) a substance used to fix ink on packaging. The ink curing agent was found to have seeped through the packaging and into the milk. The packaging was produced by Swedish-based Tetra Pak. It is clear that Tetra Pak, a company that places great importance on sustainable development and social responsibility, has suffered enormous damage in terms of corporate image because of this emergency.

To improve the brand's image and recover the brand's reputation, Tetra Pak Italy decided to put in place IB strategy. This choice of marketing was strictly connected to the ITX crisis, as the marketing director himself confirmed.

Before the campaign that was put into practice from March 2007 to March 2008, Tetra Pak Italy promoted comakership communication to partners - well-known Italian brands involved in the food sector (Parmalat - Zuegg - Granarolo, Caviro, and Conserve Italia). The comakership communication allowed Tetra Pak Italy to arrange IB strategy with partners. All considered brands made the decision to enable co-branding in order to implement IB strategy.

It was admittedly, the first time that Tetra Pak Italy and partners had highlighted the eco-sustainable value of packaging through a communication plan.

The communication plan required an investment of 30 million Euros used mainly to buy television advertising space; double page spread advertising in newspapers and website space. In addition, many partners dedicated web-space to explain why they chose Tetra Pak Italy. The environment was the core theme of the communication plan.

Several TV commercials were broadcast. Some of them highlighted why Tetra Pak and the other partners were discussing their strategy of sustainable development.

In this way, Tetra Pak Italy implemented IB strategy through co-branding alliances with partners and communicated directly to final customers to attempt to strengthen and improve their joint brand image. The tracking of the campaign confirms excellent performance of the main indicators monitored such as: intention to buy Tetra Pak Italy packages, awareness of Tetra Pak Italy as a brand. Many items concerning the company Tetra Pak Italy (as Tetra Pak is a technologically advanced company, Tetra Pak is a company committed keeping food safe in its packages, Tetra Pak is reliable company, Tetra Pak is committed to environment preservation and sustainability) were taken into consideration to measure the effects of the campaign on the company image.

Moreover, the outcome of the campaign showed to have caused a positive effect on customers' intention to buy. Actually the results of each phase of the campaign highlight a growing trends.

In addition, the outcome of the campaign showed a significant improvement in terms of awareness of Tetra Pak Italy as a brand.

In fact, customers answered positively to the question proposed which was: "Do you know Tetra Pak, likewise a name or since you have seen it advertised or on the shelves?".

In conclusion, the outcome of the campaign showed very positive results on the following items related to Tetra Pak Italy: (1) company and brand built on solid values such as: protection, reliability, environment awareness, and advanced technology; (2) regained consumer trust through marked “intention to buy” based on package and content quality; (3) positive consumer perception towards the partners of the campaign; significant improvement in terms of: visibility; commitment to choosing packages which protect the quality of content; commitment to choosing environment friendly packages and perceived image.

The analysis of Tetra Pak Italy shows that the implementation of the IB strategy enables this company to obtain successful results in terms of brand image. The items identified in the previous section clearly highlight these positive effects. Thus, in the Tetra Pak Italy IB strategy plays a strategic role as a kind of co-branding.

5. Summary

Tetra Pak Italy campaign 2007–2008 analysis shows how to put into practices a successful IB strategy. In order to understand the proposed example, the paper summarised the main characteristics of the considered strategy, presenting several definitions which highlight the fact that it is possible to study the topic from the supplier’s perspective.

In fact, Tetra Pak Italy presents an interesting way of involving partners to communicate to final customers. In actual fact, the company firstly implemented a comakership communication with its partners, trying to lever on common value and on long-lasting relationship, and then they decided to plan together a co-branding strategy. This first communicational step strengthened the bonds between Tetra Pak Italy and its partners but at the same time, it puts the bases for a likely IB strategy.

The highlighted dual flow of communication (comakership – co-branding) is the basis for successful results. The IB strategy was put in place for the reason that Tetra Pak Italy was able to implement an efficient preliminary comakership communication that persuaded their partners to create promotional alliances. Thus, comakership communication is as important as communication to final consumers. Moreover, it is widely accepted that B2B companies need B2C company trust to achieve partners collaboration and successfully implement combined strategies. That starting point is fundamental for achieving the result of comakership communication: promotional alliances with partners and co-branding strategies.

In this respect, the case study on Tetra Pak Italy seems to offer strong evi-

dence. The solid values on which the Tetra Pak brand is based could be considered a useful premise for obtaining B2B company approval and cooperation. These considerations could generate benefits for researchers, managers and practitioners.

In conclusion, it seems clear that the company made great efforts not only in managing the media and the coherent messages of the IB campaign but also in measuring with a well-shaped questionnaire the effects that the IB campaign had on its final customers.

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