

Olga Kleimenova

**PACKAGE AS A PART OF BRAND. CASE STUDY MAC
COSMETICS BRAND.**

Thesis

CENTRIA UNIVERSITY OF APPLIED SCIENCES

Degree Program in Industrial Management

February 2015

ABSTRACT

Unit Technology Unit, Ylivieska	Date February 2015	Author Olga Kleimenova
Degree programme Industrial Management		
Name of thesis PACKAGE AS A PART OF BRAND. CASE STUDY MAC COSMETIC COMPANY		
Instructor Ossi Päiväläinen		Pages 44+6
Supervisor Ossi Päiväläinen		
<p>By the development of the market, all the sectors have realized that an approach for the brand's creation should be rethought. Manufacturers and resellers have learnt that packaging is an important element of any brand and helps to communicate with potential clients. That is why not only designers and polygraphists have become to participate in processes of the package creation.</p> <p>The reality is that the packaging of any product has changed its functions much, and does not serve only as a protection any more.</p> <p>This work presents the study whose objective was to investigate what brand is and how brands have to be managed. Processes of brand's creation and development were described in the 1 chapter. Packaging history was presented as well as process of package development. The thesis shows and clarifies all the processes during the package's creation. The 4th chapter was dedicated to the description of main functions of the package in a brand's formation and promotion.</p> <p>The practical part of this thesis work was dedicated to a case study of MAC cosmetic company. The brand features and packages specification have been studied. The aspects of how packaging influences brand's identity, the recognition among competitors and awareness among customers and how the brand helps to communicate with clients are described.</p>		

Key words

Brand, Branding, Marketing, Make-up Artist Cosmetic, MAC, Package, Packaging

TABLE OF CONTENTS

LIST OF GRAPHS, TABLES AND SCHEMES

1	INTRODUCTION	1
2	TRENDS IN BRANDING DEVELOPMENT IN MORDEN SOCIETY	3
	2.1 Brand and Branding	
	2.2 Western and Eastern approach to the brand’s creation	6
	2.3 Brand management	9
	2.4 Protection against fakes and imitation	11
	2.5 Processes of the brand’s creation and development	12
3	EVOLUTION OF CONCEPT “PACKAGING”	17
	3.1 What is packaging and its definition	17
	3.2 Historiography of packaging	18
	3.3 Process of the package’s development	20
	3.4 Finishing technologies applicable to packaging	26
4	FUNCTIONS OF PACKAGING IN A BRAND’S FORMATION AND PROMOTION	28
	4.1 Packaging types in different industries	28
	4.2 Package as an instrument of the recognition from competitors	30
	4.3 Packaging as a way of a brand’s personality	30
	4.4 Packaging as an additional feature of brand	31
	4.5 Packaging as a promotion tool	32
	4.6 Protective function of package	32
5	CASE STUDY. MAC COSMETICS COMPANY	34
	5.1 Company’s history	34
	5.2 MAC as a strong brand	35
	5.3 MAC packaging features	39
	5.4 Packaging as a way of MAC brand development	40
6	CONCLUSION	42
	REFERENCES	43
	APPENDICES	45

LIST OF GRAPH, TABLES AND SCHEMES

Tables

TABLE 1. Main differences between Western and Eastern brands' creation

TABLE 2. Stages of packaging development

TABLE 3. Packaging as a strategy for companies

Graphs

GRAPH 1. Brand development process

Schemes

SCHEME 1. MAC Identity Prism

1 INTRODUCTION

By the middle of the twentieth century with the rapid growth of the market came an idea of the different approach in brands' creation. Manufacturers and resellers understood that package is a very significant element, which helps to communicate with potential consumers. That is why processes of the creation of the packaging have become to play a very important role. Many different specialists started to participate in the package's creation from designers to polygraphists and experts in marketing communications. Serious and deep researches took place before the actual package was created. It was very important to understand and think of every single detail of the packaging, because it can affect strongly the final production.

The reality is the following; every day package becomes more as a link, which helps to move different products from a manufacturer to a customer. The functions of the packaging become wider, from basic protective function up to satisfaction of any caprice of the customer. All these factors can mean only one thing; the role, significance and attitude towards package should be changed.

Nowadays, we cannot imagine our market without brands. That is why the role of the package is changing. Protective function of packaging is far away from being the only one. Packaging is one of the key elements of the brand. It includes different aspects such as a label, design and polygraphic idea of the brand, and many others. Manufacturers, who do not realize the changed role of the package, risk becoming outsiders in a modern market competition.

The style and standards of life are improving day by day. The needs and expectations of consumers are growing. Requirements towards package become more serious. Modern consumers want to buy high quality branded products in a descent package. Many disadvantages in existing packages can be faced, such as poor association with a brand, inconveniences in the usage and the storage of products. Manufacturers face an actual problem due to increasing functionalities of the package.

The design of the package is one of the key instruments, which motivates to buy and refers to a concrete brand. If customers are willing to use the package for longer time, it will serve as a promotion tool as well, and can help to resolve marketing issues. That is very advantageous, when a product can be kept in the same package after it was opened. However, it creates another problem for developers - how to prolong a lifetime of packages.

In order to solve the emerging problems, it is important to use new technologies connected with ergonomics, which make easier for customers to recognize a brand. When consumers are able to recognize a quality product by its package, it can save a customer's time, which is extremely valuable in our modern life.

During this thesis work the following aspects have been studied in details: what the term package means, what kind of a role it plays for brands and how it affects our modern consumer society. It has been researched how package can influence brands' promotion during its different stages.

The first part of the thesis discusses such terms as brand and branding and differences between them; different approach for brand's creation, and steps for its development. Such questions as how to manage brands and how to protect them from fakes and imitations have been discussed. The second part of the thesis is dedicated to the concept of the package and all its aspects, such as the history, stages of development and strategies. The third part explains the role of packaging in brand's development and its functions. Thus the third part is a link between first the two parts. Different types of packaging for different industries, and the main functions of packaging in brand's promotion are described in the third part as well. In the practical part the focus was on the packaging of the cosmetic brand MAC. The brand concept and main strategy were described. Conclusion about the packaging role at the company, from the step of packaging creation until affect to customers' loyalty, was introduced as well as the role of the package in developing the brand awareness.

2 TREND IN BRANDING DEVELOPMENT IN MODERN SOCIETY

2.1 Brand and Branding

Brands were already used in the time of the ancient Egypt, when craftsmen put a brand mark on bricks they made for identifying creators of each brick. Branding was actively used during medieval times, when artisans used their special marks for products they produced. In the beginning of the history of the USA marks were often used for the identification of livestock.

The boom of the idea of the branding started during the middle of twentieth century in the so-called Western world, because at this time a large number of similar goods were appearing in the market. The definition of the word branding has a long story and comes from the Latin word brand, which comes from the Old Norse "brandr" meaning "to burn". Producers used to burn their mark (or brand) onto their products. (Urban 2001, page11)

Since then a large number of definitions about what branding is and what brand is have appeared, such as:

“Brand is the intangible sum of a product’s attributes: its name, packaging, and price, its history, its reputation, and the way it is advertised.” (Heidi Cohen 2014)

Brand is a name, sign, or symbol used to identify items or services of the seller(s) and to differentiate them from goods of competitors. (WebFinance 2014)

According to these definitions a logical conclusion can be made that branding is a process of the brand’s creation and its management.

Branding is the process involved in creating a unique name and image for a product in the consumers’ mind, mainly through advertising campaigns with a consistent theme. (WebFinance 2014)

Branding is a system of marketing actions that helps to maintain consumers' interest to a company and its product.

With a significant growth of production quality competition peaked and stepped beyond the product itself. Nowadays, people do not buy just bread; they buy only that bread which has something "special" for them. That specialty is almost impossible to create in a product. That is why an attitude toward a certain product has to be created. It means that empirics should be switched on, for example, feelings, emotions, love, loyalty, respect, reverence and etc. That is what our brands consist of. That was the reason why in the middle 1980's the demand for advertising agencies grown up quickly. Companies wanted that specialists helped them to transfer their goods from the category "product" in the category "brand". Advertising agencies started to work out their own systems for promoting different brands. (Douglas Harper 2014)

When a brand is well known among some certain group of people, they prefer to buy that certain brand rather than others, and that is how a strong brand can be defined. This definition applies to brands, whose positions are very high in the market and they do not depend on competitors' actions. A strong brand consists of three main elements: its own brand, marketing programs and secondary associations. The following list shows the main tasks of each element (McGraw-Hill 2010):

- The name of brand
- Logo
- Symbol
- Special features
- Package
- Adaptability
- Recognition
- Protectability
- Price
- Communication channels
- The country of origin
- Distribution channels
- Other brands

Interaction between all elements of the brand and performance of their main tasks contributes to the core goals of branding.

The main objectives of branding (McGraw-Hill 2010):

- To reach the brand's recognition
- To promote a brand (through advertisement and packaging)
- To form the brand's associations

There are several signs that make a strong brand (McGraw-Hill 2010):

- Loyalty expressed by consumers
- Small vulnerability from marketing actions of competitors and crises
- Higher profit
- Elastic response to a price decrease (increasing in sales)
- Increasing in profitability and efficiency of marketing communications
- Additional opportunities in brand's promotion

Brand loyalty is a very spiritual thing. Mostly it is not connected to sales or buying frequency. A customer stays loyal to his or her favorite product, even if there are cheaper and more economical variants on the market. That is a very typical metaphysical connection of the consumer to his or her favorite goods. That is why it is hardly possible to plan the brand loyalty. Such kind of an attitude of customers is formed during a long period of time and different aspects can influence its existence, such as the excellent quality of the product, good customer and after sales service and so on. A brand is a kind of warranty for the high quality. Once a person has tried a certain brand, this person will buy that brand in the future without thinking, of course, depending on whether he or she liked that product during the first time. (McGraw-Hill 2010)

Creating brand associations is one more function of a brand. The main task of any brand association is neither to lie, nor to tell a truth (Millman 2012). If customers start to doubt about a product, brand association has to substitute their doubts by something what will

convince customers to buy the product again. Brand associations can be seen like a system of signs and it works together with an advertisement.

Branding goes well together with a pragmatic view of the world. Nowadays, many people want to express themselves through materialistic things, career success and financial independence. The more expensive things and services those people use, the more satisfied they are. That is why brands play a very important role, the role of association, which influences subconsciously the customers. (Millman 2012)

Every brand has certain brand attributes, which specialists can operate with. Those are functional and emotional associations of brands that customers and potential clients give to brands. The attributes can be either positive or negative ones. All brands have their main feature, which is its gist – Brand Essence. All attributes in total make Brand identity. Identity shows the meaning of brands and at the same time serve as a promise for consumers. At any given time each brand has a certain image; it is a unique set of associations which customers have in their minds at the certain moment. (Kotler 2013, page 244-245)

Very often two close definitions such as brand and trademark can be confused. Trademark consists of the name, logo and sound symbols of a company or a product. Brand has a wider meaning than trade mark. Every brand consists of an actual good or service with its own characteristics, brand image, information about customers and promises of advantages which are given by producers. (Millman 2012)

Thereby, it can be concluded that brand is not simply a trademark, but a wider phenomenon with a greater meaning. Contents, functions, features and objectives of a brand have been analyzed. Thus, brand is a very sophisticated way to compete. That is why branding is a long and complicated process of brand management.

2.2 Western and Eastern approach to brand creation

Specialists distinguish two types of brands, and two cultures of branding –Western (European) and Eastern (Asian). Everything is different in these two cultures: the role of

brands, conceptions, management tools, and often customers do not even see those differences, because practically speaking it does not matter for them.

Western brand

There are several types of brands in the western model:

Related Brands – the name of products contain name of company-manufacturer. (Wrigley - chewing gum Wrigley's Spearmint, Nestle – Nestle Classic chocolate).

Another way of related brands is to use brand – “umbrella”. Emphasis is placed on the promotion of a corporate brand and its fixation as a warranty of a quality in customers' minds. In the advertisements of the company, its logo should be demonstrated. Danone can serve as an example. It does not matter which product they advertise, yogurts or cottage cheese, the logo will be on the product.

Individual brands – independent names of goods. A classical example of such way of branding is the company Unilever. Every type of its production have their own names: Lipton- tea, Dove- cosmetics and most of consumers do not realize that all those different kinds of products belong to the same company. (Franzen & Moriarty 2008)

The main idea of this conception of the branding is goods and the differentiation of products. With such a strategy, a company makes a product to be special and compete with competitors. Specialties can be tangible, intangible and imaginary.

Tangible differences can be easily defined. They are visually obvious, such as the product's weight, size, smell and color. A customer can identify the differences between two products by himself/herself. When the product has the tangible differences, branding will not play a key role. A branding specialist just has to attract customers' attention to those tangible differences. (Franzen & Moriarty 2008)

Intangible differences exist, but it is not that simple to identify them visually. For instance, it can be difference in a taste of food products or durability of domestic goods. Differences

can be hidden in the beginning, but they can influence significantly the customers' motivation to buy this or that product. Before buying a product with intangible specialties a customer should experience those advantages that product has. That is why sampling – free samples of goods, are widely used nowadays. When a customer will experience and feel those differences, intangibles specialties will turn to the tangible ones. Warranty and additional services can be intangible as well. All elements give an additional valued to products and sometimes can play the important role in customer's decision. (Franzen & Moriarty 2008)

Imaginary differences between goods are artificially made with the help of advertisement and other promotional tools. Some examples include catchy trademark, original package, different way of distribution, innovative way of selling, bright commercial. (Franzen & Moriarty 2008)

All of these aspects add a certain value to goods. Basically, there are the same products in the same shops but with different trademarks and prices. Sometimes the difference between prices can be up to 50% and that is due to the strengths of the brand.

Eastern brand

Asian conception of branding emphasize the promotion of a corporate brand. For example in Japan, the most important thing for a company is the high corporate image, but not an image of separate brands. The core in European branding is diversification, and in Asian one is centralization. European trademarks use tools of differentiation, segmentation and clarification, when Asian corporative trademarks often use unions. Nowadays, more often it is possible to meet a mix western and eastern ways of branding. (Franzen & Moriarty 2008)

Trademarks are often used like an “umbrella”, which evenly distributes the value of the main brand for among different sub-brands. Thus a corporate brand guarantee the quality, and a launching of sub-brands do not cost much. When sub-brands become old and are not able to compete anymore, it will be just substituted by a new one. Corporate image is the main source of profit in such companies. That is why new sub-brands can be launched very

fast. This Japanese model hardly exists in its original form, because it has western features. (Franzen & Moriarty 2008)

There are similarities and differences between these two systems. Brands are long-term investments in the west, and their launching is very difficult and deeply calculated. In Japan sub-brands are used just for separation of products line.

In the west brands' lifecycles are dozens of years, even though properties and compositions of products can be changed. In Japan the lifecycle of sub-brands lasts as long as they are able to compete. Both systems have a great impact on each other and they both adopt each others' features. (Franzen & Moriarty 2008)

The biggest advantage of the western brands is an insurance against errors. If a defective product appears on the market, it will not affect other brands of the same company, because in customers' minds they are not connected to each other. On the other hand, Japanese approach to brands allows companies to be very competitive due to the strong corporate brand, launch new products on the market faster and cheaper. (Franzen & Moriarty 2008)

To summarize and show the main differences between Western and Eastern systems in brand' creation, the following TABLE 1 has been created.

TABLE 1. The main differences between Western and Eastern brands' creation.

	Western approach	Eastern approach
Main Idea	Product differentiation	Corporate brand
Core	Diversification	Centralization
Purpose	Long-term investment	Product line separation
Launching period	Difficult, long, costly	Easy, fast, cheap
Brand's lifecycle	Dozens of years	As long as it can compete

Thus, it can be concluded that modern branding is a mix of mechanisms and good traditions of eastern and western systems.

2.3 Brand management

Brand management is a function of marketing that uses techniques to increase the perceived value of a product line or brand over time (WebFinance 2014). When a company creates its brand, it has to decide whether they want their brand to be a leader or to be at the same level with other brands. There is the following rule in branding, so-called the positional principle. It means that the first company to take its position in customer's minds will not be possible to deprive that place. Further on all actions of branding will be focused on maintaining that same position. (Temporal 2010)

If a company does not have an opportunity to be a leader, it is better not to start to attack the leader. Strategically it is better to become a leader in another area first and later on go to the market of the first choice. The other way to become a leader is to create something absolutely new and innovative, and it will make the company to be the first in the market. (Temporal 2010)

Creation of a unique brand it is something more than just creating brand awareness. Not only characteristics and features of a brand make it unique, but associations and symbols connected with this certain brand make it special. Promotional methods should be built up according to brand identity. They have to show the customers that to own this brand makes one special and that an owner belongs to a certain social group (Temporal 2010). A brand will become unique when not only customers believe in its uniqueness, but also employers who work in the company. (Aggarwal 2008)

High quality, reliability, durability and reasonable price make a brand to be unique. Naturally, trademarks already allow customers to feel special, because when people buy branded goods, they feel themselves more successful. A Strong brand is a great tool for a company to become a very profitable. (Aggarwal 2008)

Sometimes it is necessary to define Brand power, which is its ability to dominate in that certain category of products. Brand Relevance comes next and defines how relevant a certain brand is for customers' needs. The evaluation of brand power and relevance should be done constantly for more effective work with brands.

If a company wants to extend a brand, studies of Brand Leverage should be done. A brand leveraging strategy uses the power of an existing brand name to support a company's entry into a new but related product category. For example, the manufacturer of Mr. Coffee™ coffee makers used its brand name strength to launch Mr. Coffee™ brand coffee. While coffee machines and coffee beans are in different product categories, there is a strong enough correlation between the two items that the brand name has a powerful impact on consumers of both categories. (Kotler 2013, 250)

Brand loyalty refers to customers who make repeat purchases over the time and become committed to a certain brand. Brand loyalty is a psychological factor. Brand loyalty is affected by a person's preferences. It is a psychological factor. It does not matter the convenience or price of products for loyal customer, if these products are the products of their preferred brand. Loyal customers consistently purchase products from their preferred brands. Companies often use different marketing strategies to cultivate loyal customers. It could be done through loyalty programs (i.e. rewards programs) or trials and incentives (ex. samples and free gifts). (McGraw-Hill 2010)

Brand awareness is a very popular method to study brands. It measures a potential customer's ability to not only recognize a brand image, but to also associate it with a certain company's product or service.

It is necessary to understand that brand management is a very complicated process, which includes forces of a large number of specialists from different areas. All their efforts are directed to maintain positions of brand and its development. (McGraw-Hill 2010)

2.4 Protection against fakes and imitations

Nowadays, it is a very popular practice to protect brands and trademarks. That is quite important to do for companies in order to avoid problems in the future. The first things that customers see when they look at products are logos, which consist of signs, words, drawings or even more exotic things like sounds and smells. When a company wants to make those signs their own, they can register them legally and it thus creates a trademark. A trademark provides protection to the owner of the mark by ensuring the exclusive right to use it to identify goods or services, or to authorize another to use it in return for payment.

Trademark can be defined as a unique and recognizable sign, design or expression that helps a particular trader discern the similar products or services of the other trader. (Deutsches Patent- und Markenamt 2014). It was said previously that consumers could recognize products what they prefer not only by their names, names of manufacturers or their logos, but also by such elements as packaging, label, font, color, way of advertising and distributing and many other things. At the same time these same elements, can confuse customers and make him/her by other similar goods.

Modern customers associate brands not only with actual products, but also with manufacturers or owners of brand companies and its reputations and many other elements that are not directly related with actual product. Each of those elements has their way to be protected. Patent is a government grant to an inventor assuring him/her the sole right to make, use and sell the invention for a limited period of time. Patent protects actual product and manufacture processes (Dictionary.com 2014). Packaging can be protected by copyrights. A copyright gives the creator of the original work exclusive rights to it, usually for a limited time. Copyright may apply to a wide range of creative, intellectual, or artistic forms or "works". (Farlex Inc. 2014)

There is another difficult issue to take care of, fakes and imitations. In the case of fakes, it is a clear violation of the law and in the case of imitation, it is an attempt to associate the production with a famous brand, but without breaking the law (Dictionary.com 2014). Both things are equally bad and disturbing for brands development.

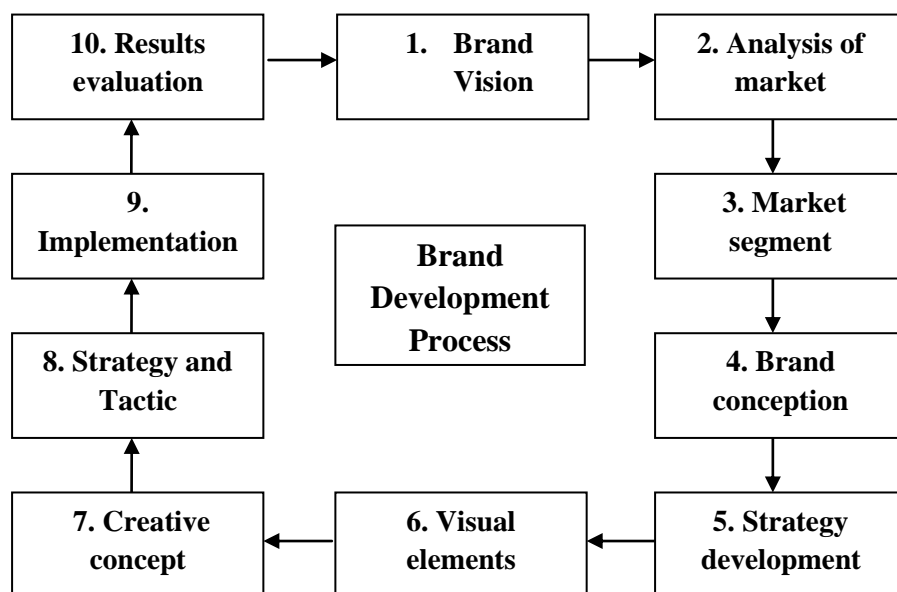
2.5 Process of creation and development of brand

This chapter will describe the process of brand creation in detail. It is known that marketing can be effective only when the product meets the market demand and is able to satisfy the need of customers. Brand is doomed to fail if product does not meet the customer need.

Brand creation starts with a development of trademark, which has a potential to become an actual brand. That includes certain sequences of actions. First of all, companies have to decide for themselves, how they see their brand in the future (Brand Vision). After first and important step a large number of strategic and tactical decisions come. All these actions should bring to the launching of new trademark and consolidation of its position in the market and customers' minds. (Wheeler 2012)

Unfortunately, many companies make several mistakes during different stages of brand development, which leads to decreasing brand's efficiency and disturb in reaching the objectives. To avoid such mistakes and to minimize risks, it is essential to follow a certain sequence of actions for a new brand development. (Wheeler 2012)

All basic steps for brand's development are shown in the GRAPH 1 and later one each stage is described in detail.



GRAPH 1. Brand development process (adapted from Millman 2012, 175-183)

1. Brand Vision. During this stage the future of the brand should be discussed by the key members of company. After the brand vision formulation such questions as, how the company wants look like, what position on the market it wants to take, its target market and so on, have to be answered. Brand vision should be connected to a corporate strategy and company's visions. (Millman 2012)

2. Analysis of market. Positioning. The main parameters of the market should be defined: capacity, trends, main competitors, positioning, and customers' characteristics. (Millman 2012)

Brand Positioning is a marketing strategy that aims at making a brand occupies a distinct position, with respect to competing brands, in the mind of the customer.

For brand formulation the following questions have to be answered (Millman 2012):

- For who? (target market)
- Why? (what customer gains when buying this product)
- What is the purpose of usage of this certain brand?
- Against which competitor?

3. Target market selection. During this stage a marketing analysis should be carried out, for instance a SWOT analysis, turbulence analysis and so on. The company should have a clear picture of its advantages and disadvantages, strengths, weaknesses, opportunities and threads on the market. Only with the help of different analysis tools the future target segment can be defined in a good way as well as the profile of future clients for a future brand. (Millman 2012)

4. Brand conception development. Brand conception is certain values, associations and advantages of the brand, which identify it in customers' mind. Such elements as:

- Brand Essence- main idea and purpose of brand's existing
- Brand Identity- personal characteristics of brand

- Key value of brand – the main philosophy of a brand and its customer relationship characteristics
 - Brand position- certain place and image of the brand in customer's mind
 - Brand associations- a set of customers' associations about the brand
- (Kotler 2008, 171-197).

5. Strategy development. Brand strategy is a way how a company's resources will be used for brand value creation. Brand strategy has to be directed towards forming good relationships with customers and partners. During this step, the main objectives of brand strategy should be developed as well as ways how those objectives should be reached. Strategy should answer the following questions:

- Who is the target group?
- What is the promise (offer) we give for customers?
- What is the final impression we want to make?

The strategy for brands defines which kinds of methods will be used in order to reach the objectives; how the product should be made, named, classified, packed, merchandised and advertised. The main idea of any brand is to explain for customers what kinds of advantages this certain brand has, and the future advertisement campaign should reflect the same idea. (Millman 2012)

6. Visual elements development. Visual elements of brand are brand-book (name, logo, colors etc.) as well as packaging and label and other external elements, which are in contact with customers and differentiate it from the products of competitors. (Millman 2012)

7. Creative concept. It is impossible to launch a brand to the market without developing its creative concept. It consists of advertising images, slogans and characters. It helps to explain for customers: values, objectives and position of brand, and creates its positive image. (Millman 2012)

8. Strategy and Tactic. It is obvious that results are better if a complex approach in marketing is used. The same rule can be applied to the promotion of brand. Market specialties and customers' possibilities should be taken into consideration while developing promotion campaigns. (Millman 2012)

9. Implementation and control. During this stage, the implementation of strategic decisions should be implemented. If the strategy was correctly developed, good results can be guaranteed. (Millman 2012)

10. Results evaluation. After all the previous steps the evaluation of the results should be done. Based on the results, future perspectives and the ways of development have to be defined. When all the steps of brand development are taken, brand becomes an intangible asset by its development, and the company will get a profit. (Millman 2012)

Thus, the principle concepts of brand and branding have been analyzed. Moreover, the terms which are related to them have been clarified and steps of brand creation and development have been described. Brand development, its maintenance on a certain level and branding will add value to a brand. The necessity of market segmentation is obvious and gives more results, when a product is promoted among a certain group of customers. Successful positioning gives additional advantages over competitors. Proper brand management contributes to brand popularity and helps to company to stay a leader at the market.

3 EVOLUTION OF CONCEPT “PACKAGING”

3.1 Packaging and its definition

It is not an easy thing to find an exact definition for the word package even if we look at it in a very narrow direction. Package has several functions, such as containment, preservation, promotion, and/or protection of an article. Box, can, cover, bottle, sack, carton, pouch, wrap, etc. these are all types of different packages. (WebFinance Inc 2014)

If one looks at packaging as a link between the manufacturer and the consumer, it is obvious that package is the most important part in this link. It is also important that this package looks attractive, has all the necessary information about product's properties and how to use it, warranty and everything that can be interesting for customers. (Ellicot&Roncarelli 2010)

When we look at package definition from a customer point of view, packaging is an indivisible unit of consumption. Package can be defined in a more philosophic way as a mean of expressiveness and source of knowledge. Package hides and demonstrates products at the same time, it helps to inform and make a purchasing decision for customers. Demonstration is the most obvious function of a package, but at the same time satisfaction that customers get of a product is the main emphasis for package. (Ellicot&Roncarelli 2010)

It is necessity that valuable things need to be packed. Packed goods already show their values. The decoration of packaging should not meet just aesthetic requirements. Marketing research is often concentrated on a customer needs. Package does several primary tasks:

- Prevent a content from contamination and spoilage
- Facilitate transportation and storage of goods
- Provide standards of the content

- Give expressiveness for an advertisement and make it possible to spread goods in a large scale
- Practical usage of products due to dispensers (V. Ryan 2011)

Package enabled self-service, and due to self-service the number of shops and variety of goods have increased. Package serves as a “silent seller” and it is hard to imagine our world without packages. Packaging technologies enable people to have a varied diet and provide the required amount of vitamins and minerals. As health care becomes an integral part of the modern society and it demands many different products transported from all over the world, packaging process has a long bright future. (Ellicot&Roncarelli 2010)

A carton box is one of the most popular forms of packaging, and it is popular among such consumers as pharmacy, food, tobacco, perfume and light industries. Nowadays even cheap products have to be packed in order to be attractive for customers.

The reasons for the popularity of cartoon box are the following: a good protection of product from external environment and damages during transportation, possibility to put detailed information on a surface of the box and relatively cheap manufacturing. A wide variety of printing, and numerous ways of after-printing finishing activities (different kinds of stamping and painting, the use of special inks and printing types) help to make products special and protect them from fakes. Technologies develop very rapid, this fact enables designers translate all their fantasies in a real life, different forms of package, types of materials, finishes and so on. (Ellicot&Roncarelli 2010)

Possibility of easy recycling and eco-materials plays a very important role as well. Practically speaking there are two types of packaging, primary and secondary. Primary package is the one, which directly covers a product. Secondary package usually has several units of products in primary packages and is used mostly for transportation. Depending on a product’s type levels of packaging can vary. Primary package plays one of the most important roles in identifying a product and trademark. It has to contain all the necessary information about the actual product. (V. Ryan 2011)

3.2 Historiography of packaging

Biological forms of protection and reproduction of life can be considered as a first pre-package, for instance, nuts and eggs, peas in a pod, fruit in their skins, clams in the shell, flowers, etc. These biological adaptations perform some of the tasks of the package: protection, attraction and transportation. Already during very early stages of its development, package contained three main factors, such as material, constriction and appearance. (Benson 2013)

The following paragraph will introduce materials in the chronological order of their discovery, inventions and development as a package:

- Natural materials: skin of animals, bamboo, empty pumpkins, horns, leaves (over 100 thousand years ago)
- Processed natural materials: wicker baskets, leather tanks etc. (over 20 thousand years ago)
- Ceramic - amphorae, goblets etc. (over 8 thousand years ago)
- Glass- 5 thousand years ago its small pieces were used for decoration, but 2 thousand years ago started to make tanks from the glass, when people in Phoenicia learnt how to blow glass
- Wood- boxes, cages, barrels (5 thousand years ago)
- Paper and cellulose fibers: (over 2 thousand years ago). In X- XII centuries method of its production came through the Middle East (XIII century BC) to Europe
- Metal: iron, aluminum, tin, lead. Metallic package got its wide spread only in the beginning of XIX century.
- Plastics – it was used as a material already in X century AD (Benson 2013).

The most known tare from the ancient Mediterranean region is amphorae. It is an actual prototype of packaging because they also have been stamped. Amphorae cannot be called a package, but its prototype or pre-package (U.S. Packaging & Wrapping 2014).

Foil was invented and developed in France. In 1850 the first wrapper for candies were used. In 1852 the first machine for manufacturing paper bags was created in the USA. The

first folding carton appeared in the USA in 1850. Nineteenth century became a peak for perfume and cosmetic industries development in France. As a result package was made mostly from precious materials, such as gold, ivory, alabaster, jade, crystal and porcelain. In the middle of nineteenth century package in its modern form started to develop. Perfumers started to order bottles of different shapes for their creations. Bottles of perfume often were sold in wooden boxes covered with a silk or velvet and decorate with enamel. Polyethylene and plastic were invented in the thirtieths during twentieth century and were widely used during World Second War. (Benson 2013)

Twentieth century was the time of industrialization and concentration on cities; it was a century of package. Car invention and other means of transportation became decisive factors for packaging technologies. (U.S. Packaging & Wrapping 2014)

3.3 Package development process

The development of new different and high-tech products is very high and as a result, competition between them is increasing as well. The reaction to any changes and innovative technologies on the market is very quick. Standards are increasing and the package starts to play a very important role. The package becomes the main source of information of a product for customers, and its main task is to attract and instill the confidence for consumers. (Hatuev 2006)

Nowadays the attitude of manufacturers toward package has changed significantly, and more and more companies try to pay much attention to package development. What is the first impression of customers when they see a product? The first impression of a product is the design of the package. This impression can be either negative or positive; it always depends on how the design corresponds to person's beliefs. Packaging is an important element and has to be developed carefully according to certain steps, which are presented in the TABLE2.

TABLE 2. Stages of packaging development (adapted from Hatuev 2006, p.132-141)

Stage 1	Creation of core idea and image of a package
Stage 2	Preparation and delivery of technical task to designers
Stage 3	Review of options proposed by designers. Choice of optimal one.
Stage 4*	Test of the design: choice of an evaluation methods, development of tests scenarios, processing researching results
Stage 5*	Changes in to the design considering opinions of potential consumers

*Stage not always be performed

There is always a chance that problems appear during any stage. First of all, not every company has its own marketing department which is willing to make its own research. Therefore, the design service will be outsourced and finally the special commission will do the choice of the optimal option, usually it consists of managers of all departments (Hatuev 2006). Thus, the decision will be made based on personal preferences.

Secondly, when a company wants to consider the opinions of potential customers it can create certain difficulties as well. Customers are not always able to express their opinions correctly, because they are not experts in design area. Sometimes it can just confuse manufacturers. As a result, manufacturers understand that something should be changed in the design, but do not know what exactly this thing is (Hatuev 2006). Thus, the processes of the package development can be stopped and the launch of the product postponed, which can cause major loses.

The third problem is the lack of money resources. Good research is expensive. New product development is always a risk and its launching demands significant investments.

There are “rules of design” which have to be taken into consideration:

- The main principles of the composition
- The theory of forms and volumes
- The theory of colors (contrasts, tones) (Agoston 1982).

Usually when designers follow these rules of design during a creation proves, the final result is good. Nevertheless, many designers neglect these rules, but there are a number of very good and successful designers' decisions. Usually every design decision is planned by experienced marketing specialists. The reaction of customers is well calculated. The key thing is to know who that customer group is that will like that certain design. The identification of target customer's group play a very important role in this sense, thereby there will be never the right or wrong design of the package.

Package has encoded information not only about the product, but also about its manufacturer. It is very important to take into consideration the customer's associations with the manufacturer during the first stage. New or small companies have to attract consumers without major investments. Original design can help to achieve that. During the selection of the design conception one question has to be answered: "What customers want and expect from the manufacturer?" There are main strategies during package creation, which are shown in the TABLE 3.

TABLE 3. Packaging as a strategy for companies (adapted from Novikov 2004, 98)

Strategy	Objectives	Main tasks
1.Open challenge	Confident claim for leadership. Open challenge for competitors and their most powerful brands.	Identification of leaders' and competitors' strengths and improvement of own style
2.Imitation	Maximum similarity with the leader	Use of similar competitors' design and tested design decisions.
3.Attack	Attack for the most weak competitors' positions	Highlight brands and corporate units with the help of pictorial tools
4.Infiltration	Learn from competitors' mistakes	Highlight and demonstrate package advantages on the background of bad designs of competitors
5.Defense	Strengthening of positions	Eliminations of mistakes, design defects and corporate unit fortification

A company can choose any of these strategies; the choice depends on many factors, such as the company's resources, goals, objectives and missions, and they should be connected with company's main strategy and image as a whole.

Open challenge strategy is a good choice for the company with a strong market position and significant resources. This strategy demands major investments to jump into the leaders' positions. A company has to be ready for a competitor's reaction and be able to respond it and play competitive. As an example of such strategy there is the package of bedclothes of the brand De'Nastia and the package of spaghettis of the brand Pietro Gala (LiveJournal Inc. 1999). Imitation strategy can be one of the easiest ones for new brands and it is very often used in modern practice. Sometimes the package can be so similar to the leader's one (colors, design and so on) that customer who is buying in a hurry will grab it thinking that he/she is buying a famous brand. This strategy is good also in that sense that nobody breaks the law in this case. (see Chapter 2, p.12). As an example of such package can be bottles soft drinks, there are many imitations of the famous Coca-Cola bottles.

The third strategy, Attack, is not an easy one, and requires research and money. The weaknesses of competitors' packaging have to be identified and a brand-new, improved package has to be created. Infiltration strategy is again a very time consuming one, due to the deep research work, but very effective one. It is a good practice to learn from other's experience and with the help of this experience create own well-designed package. The last strategy is the defense. It refers to a situation, when package design has been created and the product has been launched in to the market and only after a while, when manufacturers get feedback from customers, they can develop their package. That is what happens most of the time on the market (Novikov 2004). Coca-Cola bottle is a great example out of this strategy. If one looks at the time line and its design, it has been changed several times and changes will happen again.

When the strategy has been selected, manufacturer should decide what the emphasis on a package would be. There are different options for the emphasis, such as taste of products, , product's uniqueness or typicality, novelty or traditions, reputation of manufacturer or popularity of product, harmony or showiness. After that, generalized information goes to designers for package model creation.

The composition of the package should introduce not only the product, but also its manufacturer. There are two main way of composition: symmetrical and asymmetrical. Symmetry in composition says about manufacturer's abidance of traditions and old recipe; its conservatism, responsibility, seriousness and so on. Asymmetrical composition shows freedom, dynamic, energy, strength, gracefulness, revolution and etc. (Agoston 1982)

Colors and graphics

Specialists all over the world pay much attention to color perception. It has been proved that through color it is possible to influence customers' emotions (Agoston 1982). When designers use a certain color for the package, this color is connected with image of its brand and sends a certain message for customers. For example, the blue color of coffee Maxwell attracts people who see the process of coffee breaks as a pleasant rest. On the other hand, Nescafe has a red color which encourages consumers to cheer up and be energetic. Some types of products require the use of a certain set of colors, for instance milk products-white, blue, green colors of the nature. In addition, a success of the package depends on how correct designers use the limited space, because many different graphical and information elements have to be situated on the surface of the package. (Agoston 1982)

When designers give their variants to manufacturers, they have to evaluate them and select the right one. There are the following criteria:

1. The whole image
 - Whole image should correspond to the principle KISS or Keep it Short and Simple. The image should not be too complicated for customers; the idea has to be clear without any additional explanations.
 - Combination of pictures and name at the package.
 - Combination of pictures and type of products. Customers should identify at first sight at the package what that exact product is.

- The number of colors and elements. The main information elements, contrasts and colors have to be balanced. It is recommended to use no more than five main colors or sometimes use the rule “7±2”.

2. “Honesty” of package

- The most important thing is not to deceive customers’ expectations. If there are any pictures of the actual product or its parts at the package, they should not be embellished.

- Customers can be disappointed if the size of the packaging is overvalued. Even the fact that package should contain information about content in grams; a bigger package gives an illusion of a bigger amount (cereals, candies). (Agoston 1982)

3. Correct color contrast

- The rules of main and additional color contrasts should be applied. The pairs of colors that are opposite each other can be connected through radius (red-green, orange-blue and violet-yellow) and are called additional. That radius makes a harmony of colors, which can be faced in the nature very often. Our subconscious reacts positively to such color spectrum; it gives an illusion of nature and naturalness.

- Designers have to be careful with achromatic colors (from white to black). These colors can make the product invisible for customers’ eyes. (Agoston 1982)

4. The combination of product type and colors. It is important to understand that the image of the product should be in balance with colors expectations connected with certain product. (Agoston 1982)

5. Truth information at the package. The information on the package can serve as a good advertisement and do not demand so many investments.

- The allocation of main information. Bigger size of the text can be one way to do highlight the important information. Another way is to use the principle of contrasts, when the text is allocated on the contrast background.

- The readability of the main information about the product from distance. The lack of information can become the reason why a customer will not buy the product. When manufacturers want to avoid such problems, comfort of information reading should be more important than unique composition during package model evaluation. (Agoston 1982)

6. Correspondence to the rule of attention concentration. The eyes of the customer should stop at the certain product, how to achieve this affect?

- The main contrasts should work together. The main information elements should use strongest contrasts and form one group, in order to attract attention. The unity of graphical and information saturation can guarantee the success of the package.

- Fractional background (textures and small pictorial elements situated all over the packaging plane) can dispel customers' attention. (Agoston 1982)

The opportunity to change the design of the package should always exist and not only during the stage of package development. It is important to have some time for changes after the product has been launched to the market and after competitors' actions. That is why it is better to evaluate possible changes from a technical point of view: how fast they can be made and the costs of changes.

3.4 Finishing technologies applicable to packaging

Lacquering technology

One of the ways to finish printed production is lacquering. Lacquering is the process when an object is covered by any of various or colored synthetic coatings made by dissolving nitrocellulose or other cellulose derivatives together with plasticizers and pigments in a mixture of volatile solvents and used to impart a high gloss to surfaces (Farlex Inc. a Mode Partner 2014). This method is widely used at the market of labels and packaging.

Embossing technology

The processes of creating either raised or recessed relief images or designs on paper and other materials are called embossing and debossing ones. A debossed pattern is sunken into the surface of the material (but might protrude somewhat on the reverse, backside), while an embossed pattern is raised against the background. (Kitsap printing 2014)

This method is a good solution for packaging. One hand, it makes the packaging original, and on the other hand, it is a protection against imitation.

Carving technology

Carving is the act of using tools to shape something from a material by scraping away portions of that material (Memidex 2013). This method can be considered as the most important finishing techniques and is widely applied for packaging. Perforation is one techniques of the carving. The process of creating perforations is called perforating, which involves puncturing the work piece with a tool. A perforation is a small hole in a thin material or web.

Perforations make a separation of two sections of the material much easier, for instance allowing paper to be torn easily along the line. Consumers prefer the packaging with perforations in paperboard or plastic film because such package can be opened easily. Other advantage of the perforation usage include filtrating fluids, sound deadening, allowing light or fluids to pass through, and creating an aesthetic design. (Memidex 2013)

4 FUNCTION OF PACKAGING IN BRAND FORMATION AND PROMOTION

4.1 Packaging types in different industries

No type of industry can exist without packaging, due to transportation all over the globe. Packaging plays a crucial role in every industry; it does not matter whether it is pharmaceutical business, food industry, clothes or information technology area. Packaging in any type of industry has to perform its main protective function. That is why a sustainable and secure packaging is a priority for any manufacturer. (blog.bestpack.com 2012)

It is obvious that packaging type will vary from industry to industry, depending on the product's properties, but the objective of every company will stay the same: to secure the product. To demonstrate different packaging types the list below is presented as well as the visual pictures in APPENDIX 3

Plastic

Plastic material for packaging is used usually for food industry. Plastic consists of resin and resin is very flexible. That is why the usage of resin is common for packaging. Rigid can also be used for packaging. It will always depend on products' specifications. Such packaging as egg trays, milk carton and sodas are very commonly made from plastic. For plastic trays and food cartons (for to go) manufacturers use rigid plastics. (blog.bestpack.com 2012)

Metal and Aluminum

Metal and aluminum are mostly used for packaging of canned goods, such as beer, alcohol drinks and soft drinks such as soda. There is one negative thing about using metal and aluminum; the costs of manufacturing are quite high for the manufacturer. That is why it is very common to see nowadays that people recycle the used cans, so that they get money back from recycled cans. (blog.bestpack.com 2012)

Cardboard

This type of packaging is good when products are well packed in a good and secure way already. One good thing about cardboard is its high recyclability. Corrugated boxes can be produced from cardboard as well. Some manufacturers prefer to use bubble wrap before putting products in sealed boxes in order to make the transportation of products safer. For sealing corrugated boxes, taping machines are normally used. (blog.bestpack.com 2012)

Glass

In supermarkets, restaurants and many other places people can meet preserved type of products, jam or baby food for instance and glass packaging is frequently used for these products. Manufacturers have to consider that glass is a very fragile material, but it can be recycled, which is very important. Another industry where glass packaging is used is consumable goods industry, including wines, beer, soft drinks are good examples. (blog.bestpack.com 2012)

Foam

Nowadays, when the industry of digital products is growing rapidly and foam is commonly used. For example: TVs, furniture, gadgets, glass and a many other products have sharp edges, for their safe transportation foam has to be used. Foam packaging should be customized, in order to fit accurately a certain product. (blog.bestpack.com 2012)

Packaging materials and types will always vary from industry to industry. The product's nature will heavily influence the type of packaging, but such things as recyclability and costs of packaging will affect the manufacturers' choice.

There are no doubts about the importance of packaging in the modern marketing. The times when packaging served only for transportation issues are in the past, and nowadays packaging is a strong tool of communication with customers. (More Than Branding 2014)

The role of package during brand formation, first of all, applies to consumer goods. Industrial goods, such as process fluids, building materials, machines and so on should be

packed in order to safe goods from their harmful influence for the environment and to make their transportation safer. For the most of other consumer goods package is one of the main ways of communication of brand with consumers (More Than Branding 2014). Thus, in the chapter 4 of this thesis work all functions of packaging during building of brands and its promotion were described.

4.2 Package as an instrument of recognition among competitors

First of all, package plays an extremely important role in identification. It gives for goods necessary color and shape, when the product is not able to do that by itself. Thus, many bakery products, mayonnaise, and candies look quite the same without the package and are difficult to be recognized. Very often, the package makes a product different from other competitors and allows sending a certain message for customers. A unique package can give for a company a great chance to distinguish its product, to make their products recognizable and memorable. (Isaenko 2004)

4.3 Package as a way of brand's personality

When a company applies to a “standard” corporate bag a bright color and attractive shape, company wants not only to distinguish its product, but also express a brand personality. One of the most important features of package is its ability to express brand personality and tell it for customers subconsciously, through emotions.

In addition, during building of graphical elements of brand, particularly package creation, colors always play an important role. Color in a combination with the shape and texture of package influences on clients in a certain way. According to Cheryl Svensson, the manager of American consulting firm, there is a certain hierarchy of package memorization: first of all, they memorize the color and after when they buy products, mostly they trust their visual memories. (More Than Branding 2014)

Color is a fundamental language of the package. It is the element of package that causes an immediate and most powerful response. It allows communicating with customers at a non-

verbal and unconscious level. Then comes the shape of the package, numbers, and the last one is text. Many companies, in order to cause specific associations in customers' minds, use certain colors for packages, and the texture and materials of the package can strengthen them. (More Than Branding 2014)

In 1930, Louis Cheskin, one of the first market investigators, carried an extensive research, which showed that product and package are indivisible. A high quality product in a cheap package seems to taste different than the same product but with a good packaging. Cheskin proved that emotional associations caused by the package are transferred to a physical perception of the product. Thus, he called this phenomenon "Sensation Transference" and it is still the base for packaging creation. (TwelveX LLC 2013)

The role of packaging during brand building is significant. The following thing has to be considered, visual identifications of brand showed on the package. It includes shape, size and textures. These elements give an advantage for the package over the words. They are all-international and break through boundaries, causing the same subconscious associations. (More Than Branding 2014)

4.4 Package as an additional feature of brand

Packages are able not only to decorate brands, but also give additional features and values, because the shape of product and its package have a significant marketing value. Standing in the same row with logos and names, they are important features in a trade brand creation.

The shape of the package can easily become a trademark for a company. In building a new brand, it is important to take care of the package ergonomics. According to the research of Gersman+Meyers Inc., the easiness of opening the package is one of the most important factors making up customers' minds. That is why we can see how companies-manufacturers have changed packages of their products towards jars with big lids and so on. (Landor Associates 2012)

The opinion about a product can be formed through the package, but not only during the process of buying or opening, but also during the period of use; is it comfortable or not to use the product. That is why manufacturers spend so much time and resources for the creation of convenient package. A good example can be the shape of plastic bottle “Sunlight” - handy dispenser, helping to limit the amount of liquid, special deepening for fingers, steady bottom and very smart marketing move, sticker that stays very long on the bottle, reminding customers repeatedly of the brand. (Landor Associates 2012)

4.5 Package as a promotional tool

Package can promote the brand by itself, giving some message or promise for customers, for instance an opportunity to the buy product with a discount. Many companies underestimate the role of package during promotion and mostly put effort for advertisements and other campaigns. Package can play a decisive role for fast moving consumer goods (FMCG). People normally buy such goods spontaneously, when they see them on the shelves. (Perception Research Services International Inc. 2014)

Of course, advertisement also influences spontaneous purchases, but people make the last decision standing in front of the shelves, when PR and advertisements are powerless. Most of the times in advertisements appear already packed product, such as: cream, coffee, chewing gum, milk and etc. Thus, a product with unreasoned package advertised through a very expensive campaign can fail, when the product with a much-elaborated package is more effective and does not demand major investments in the advertisement. (Perception Research Services International Inc. 2014)

4.6 Protective function of package

It is well known that one of the functions of packaging is to protect goods from environment and vice versa. It is less obvious that the package can also protect the brand. The protection of the brand, first of all, is to be sure those customers buy exactly that certain product, not a fake. There are several ways of how the package can protect the brand.

First, the package itself can be a proof of authenticity. Packaging makes the process of imitation longer, more difficult and very costly. The more unique the package is (materials, colors, shape), the more difficult it is to make a fake. Sometimes the temptation to make the fake is so big that manufacturers have to respond quickly. One of the ways to do that is to change the packaging frequently. In this case manufacturers of the fakes will not be on time with their fake products. There is another side of this method; customers can lose their visual sense for that certain brand. (Hearst Newspapers 2014)

Another effective method is to put special protective signs on the package, such as micro lettering, holograms, unique numbering, and bulk stamping etc. Thus, package is a very important element of the brand and a powerful marketing tool. If it is used in an effective way, a company is able to build a strong brand with a high commitment to consumers.

As the conclusion of this chapter, it can be seen that package has the most fundamental and important features in brand development and promotion. A good elaborated and designed package can become a key factor of the success of the brand and can help to cut costs for promotion through advertisement. (Hearst Newspapers 2014)

5 CASE STUDY. MAC COSMETICS COMPANY

As cosmetic industry has always been a good example of packaging usage, the choice of my practical part has fallen to one of the most well-known and developed brands in cosmetics area MAC Cosmetics Company. Part of the case study material was obtained through a personal interview with a seller and make-up artist, who has worked in one of the shops of this cosmetics brand for two years, and another part is made up on the basis of personal research and Internet resources. The name of the interview person is Tatiana Makhlonova. The interview helped me much during the practical part development and research, as she has got much information about the processes running inside the company. The place of work of Tatiana is located in Saint Petersburg. All the topics and questions, which were handled during interview, are presented in the APPENDIX 1.

5.1 Company's history

MAC or Make-up Artist Cosmetics was established in Toronto (Canada) by the makeup artist and photographer, Frank Toskan and the beauty salon owner, Frank Angelo. They understood that there was the lack of colors that would shoot well with photography. Their aim was to develop a studio line makeup line that would fulfill their professional needs. They started to cook up their cosmetics literally in the kitchen and then sell it in the hair salon. Fellow makeup artists, models, photographers were their first customers, and then came stylists and editors. With every color, every magazine and every spread of mouth their popularity grew and in 1984 a single counter in a department store was opened. (maccosmetics.com 2014)

The industry was full of innovations and professional makeup artists and luxury packaging were a chic utility for them. That is why everything came in black pots rather than compacts. Other major competitors' brands were producing mostly skincare products, while MAC decided to offer a wide range of colors and as one of the options- an intense matte lipstick that was used on a photo shoot with a New York cabaret star called Madonna. (maccosmetics.com 2014)

The company took the industry by storm, offering a wide range of products that managed to blend street savvy with glamorous style and panache. MAC approach was different from the competitors' ones. It was the first brand in the cosmetic industry to invest in the training and education of its staff as well as the customers' point-of-sale experience. Instead of driving sales through traditional advertising, gifts with the purchase promotion and heavy sampling, the company put an effort on a carefully formulated product line.

In 1994, as AIDS spread across the globe, MAC's co-founders searched for a way to respond to the epidemic. They made HIV/AIDS organization the beneficiaries of the company's charitable focus: the MAC AIDS Fund was born.

The company has a very strong relationship with its customers and professional makeup artists; they have many products which belong to the award-winning products and it did not go unnoticed by the cosmetic industry. In 1995, the Estée Lauder Companies bought a percentage of the MAC and it helped the brand much in becoming global. Freestanding stores and counters at the world's leading retailers opened at a record pace. At the moment, there are 750 stores in 48 countries. With its enhanced profile, MAC teams began working backstage at international fashion collections. (Make-up Bar 2013)

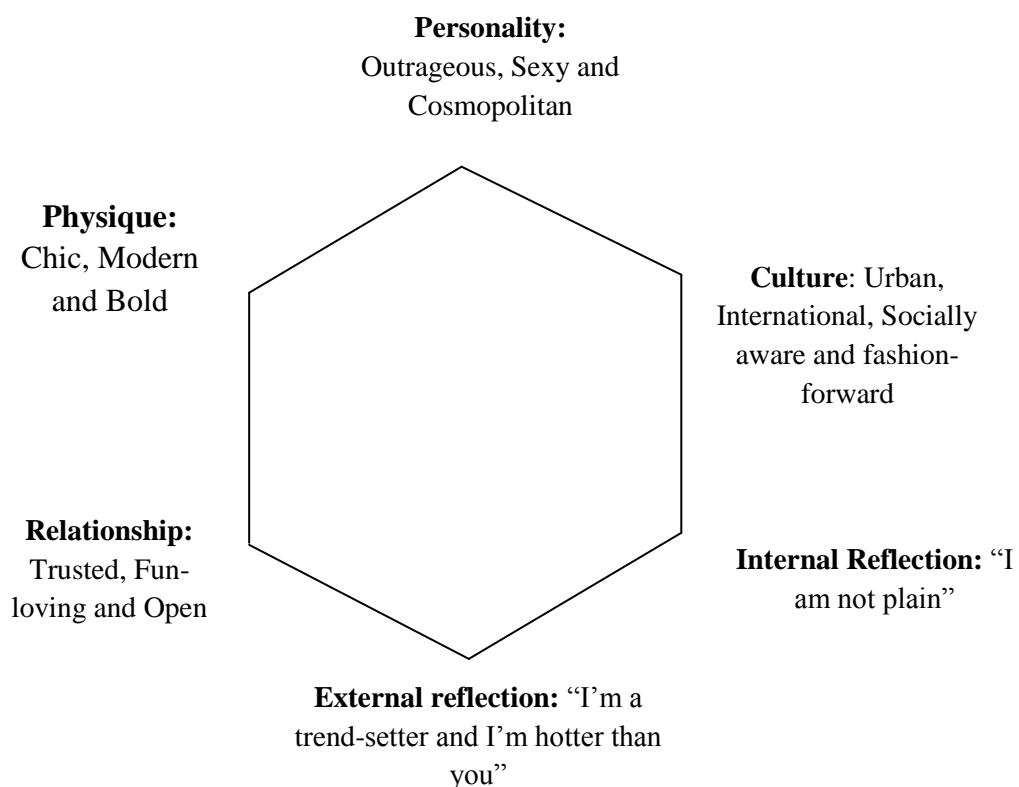
In 1998 Estée Lauder acquired the remaining shares of the company, and John Demsey was named the president of MAC and under his leadership, the link between fashion, beauty and culture has been strengthened. Nowadays MAC continues to satisfy the needs of its customers by launching new categories of products frequently. Equally important as the growth of its worldwide business is the company's ongoing involvement in fundraising efforts and social awareness programs. MAC AIDS Fund, the 'heart and soul' of MAC, the company support animal free tasting. MAC is one of the world's leading manufacturers and markets of quality skincare, makeup, and fragrance and hair care products. (Make up Art Cosmetics 2014)

5.2 MAC as a strong brand

Brand is a promise that a company gives for its customers and MAC is not an exception in this sense. The promise should be distinctive from the competitors' ones, valued,

consistently delivered to the customers and kept over the time. MAC company's promise is the following: customers **who prefer this brand will get a creative make-up experience, which will give them the confidence to stand out and be stylish.**

During brand development process, the brand conception has to be created and brand identity as a part of this (see Chapter 2, page 14). Brand identity of MAC is shown as a prism in the SCHEME 1. As it can be seen in the SCHEME 1, the brand's identity is clarified and the image of the brand can be picked up easily. The brand is very cosmopolitan, and it can be proved by the number of countries where it can be found and due to company's cosmopolitan, MAC is willing to take many risks for its further development. MAC production is chic, modern and bold, meaning that it is provocative, brave and extraordinary. Relationship with customers and inside teams is built on trust, fun and openness. MAC positions itself as a brand trendsetter and leader in the market. It is open for everybody. It does not matter where you are from, where do you live, if you are modern and love fashion this brand is for you.



SCHEME 1. MAC Identity Prism (core of the scheme is adapted from Kapferer 2004)

Another important element for Brand development is Brand Essence (see Chapter 2, p.6), what the main idea of the brand is and why it exists. MAC Brand Essence consists of several elements, such as Product, Environment, Communication and Behavior.

Product: The company is very famous for its range of colors for any type of products from eye shadows and lipsticks to nail polishes, and as professional makeup artists say, still there is no other company that could offer the same pallet of colors.

Environment: the company is used as a backstage makeup studio for all major fashion events around the globe, which tells about its outstanding quality, professionalism and global nature.

Communication: One of the strongest sides of the brand is its way of communicating with customers. There are no commercials on TV or catchy advertisements in magazines, everything happens through Word-of Mouth. It comes from the time when MAC was established, there was not any money for advertising and communication was done mostly by spreading the word. As quality has always been very high, celebrities, designers, editors and makeup artists were happy with it and simply started to recommend this brand to their friends and acquaintances. Nowadays, it is not the only method which company uses, print and outdoor advertising is used heavily, but commercials on TV are still escaped.

Behavior: Many customers choose MAC product, because of the way of sellers' behavior and atmosphere in the shops. Only professional makeup artists work in the shops. Therefore the customer is able to get professional advice and tips. There is no pressure on customers, If he\she will not buy anything, there will be no problem about it, and the main thing is that the customer will experience the product.

Design of the shops is another important way of communicating with customers that has to be mentioned. Shops look the same in any place around the globe and it is easy to recognize them at first sight. All stands are made in a unique, minimalistic style. Usually stands are marble and floors are from wood or tiles. There is no price on the products and there are a large number of testers everywhere. Thereby, customers get to know the product from the experience. One of the advantages of the service in shops is professional consultation with makeup artists. Automatically, customers have high expectations about their skills and the quality of products.

James Gager is the present director of the marketing activities from 2004. All strategies are developed inside the company without cooperating with other marketing agencies. Brand Slogan is one more important feature of brand's strategy forming: "**All ages, all races and all sexes**". What is very interesting about this cosmetic brand is that it has never identified clearly its target market. MAC values uniqueness, creativity and beauty in any of its manifestations. It does not matter what the color of your skin is and what your place of origin is; everybody can find something special for him\herself. That is why the customer base is extremely large: professional makeup artists, celebrities, models, and normal people, old and young people, males and females.

MAC company is very famous for its social initiatives, which make company more loyal for its customers. Further there are examples of company's social initiatives: (See Chapter 2, p.5)

Kids helping Kids- This program started in 1994. When kids infected by HIV\AIDS create images that are reproduced as greeting cards. Anyone can buy them and send it anywhere; 100% of sales goes towards helping women, men and children living with and affected by HIV\AIDS. (Make-up Art Cosmetics 2014)

"Viva Glam"- 100% of the purchase price of any Viva Glam product (lipsticks, lipglasses and holiday sets) goes to the MAC Aids Fund. Multiple Celebrities have endorsed the MAC Viva Glam products, such as: Dita Von Teese, RuPaul, Cyndi Lauper, Elton John, Nicki Minaj, Rihanna, Christina Aguilera, Boy George, Ricky Martin, Lady Gaga, Dita Von Teese, Shirley Manson, Mary J. Blige and many others. (Make-up Art Cosmetics 2014)

Back to MAC- offers free lipgloss, eyeshadow, or lipstick at any MAC location (lipsticks only at MAC counters in department stores) with the return of six empty MAC containers. The only items that can be obtained free through Back 2 MAC are original Lipglass (excluding: Lustreglass, Plushglass, Cremesheen Glass, Pro Longwear Lipglass and Dazzleglass), single (non-refill, small-size) eyeshadows (excluding Pro Longwear, Mineralize, and Pressed Pigments), and lipstick in the original black and silver bullet packaging. Viva Glam, Mineralize, Sheen Supreme, and Pro Longwear lipsticks, as well as lipsticks in special decoration packaging, are excluded. (Make-up Art Cosmetics 2014)

Back to MAC program shows how the company cares about environment. In our century of consumption, it is a very important issue and can help to create a good and positive image for the company.

The MAC AIDS Fund-supports community organizations providing direct services to men, women and children affected or infected by HIV/AIDS. To date the foundation has raised over \$295,000,000 since its inception in 1994. (Make-up Art Cosmetics 2014)

MAC is a great example of Western approach for Brand creation (see Chapter 2, p.7). Eventhough Estée Lauder bought this brand many years ago, the emphasize is placed on individual brands and MAC exists separately. The name of Estée Lauder is not mentioned anywhere on the packaging or advertising.

There is a list of elements, which make the brand to be strong (See Chapter 2, p.4). As MAC is considered one of the strongest cosmetic brands, elements are presented in APPENDIX 2. The MAC cosmetics brand has experienced great success by developing to stay relevant, utilizing effect positioning in terms of core values, brand personality, and customer relationships, as well as consistently delivering the brand promise over time.

5.3 MAC packaging features

Surprisingly, such a well-known and strong cosmetic brand as MAC with its huge distribution channel all over the world, produces all its cosmetics products in a two-floore factory in Canada, where was it originally established. After my interview with one of the manger's of the retail MAC shop in Saint Petersburg, it is an interesting fact that all products that they have on the shelves come from Canada, which is a great indicator of the quality. As it was mentioned earlier, all MAC marketing strategies design take place inside the company (see Chapter 5, p.35) and never step away from its doors. MAC is for its packaging and can be easily recognized from other cosmetic products.

Back to 1984, when 2 brothers started to produce cosmetics and sell it in the hair shop in black pots (see chapter 5, p.32) the main conception still remains the same. Pots were changed for professional pallets, but black color is still the same. The package is very simple; all products are placed in plastic black pallets and wrapped by black carton boxes.

All the packaging has the logo (see APPENDIX 2) and that is it. Many customers admit that black color says that cosmetic is professional and package do not disturb from the actual products.

It is possible to influence customers' mind through package colors and express certain emotion (see Chapter 3, p.24). Black color express professionalism and exclusivity and white logo shows openness and makes an excellent assembly with the black color. One of the most luxury and the strongest brands as Chanel use the same conception. This conception plays an extremely important role for brand's identification, awareness and promotion.

5.4 Package as a way of MAC brand development

As it was described in Chapter 4, the package can strongly influence the brand development and promotion among customers. In this part of my thesis it is going to be explained which kind of affect the packaging of MAC has on the brand as a whole.

Package as a way of recognition among competitors is one of the main functions of the package (See Chapter 4, p.31). The packaging of MAC brand always served as one of the main tools for its recognition. All customers around the globe are able to recognize MAC, due to its black color package with white letters logo. There is nothing extraordinary in the package, simplicity, this is the secret of the company and it works and brings very good results, such as strong brand image and the wide customer base. Millions of profit can be a good proof of MAC successful packaging design. Black color is not the color of only package; it is also a company's official color. All the shops are followed by black dress code for workers and it also help customers to recognize MAC brand everywhere.

Package as a way of MAC brand's personality (See Chapter 4, p.31). Black color package is a real personal feature of this brand. It tells about the professional level of cosmetics and shows that the company focuses more on what is inside the package, not outside. Customers know that under this simple black color package, he or she will find the biggest range of colors for any product among all the cosmetic brands.

Package as a promotional tool for MAC is another function of the package. (See Chapter 4, p. 33) Nowadays, when MAC has a very strong reputation and a large customer base, promotion goes mostly by word mouth method and celebrities, but in the beginning of its history the package played its role. A simple package with its black and white color attracts many different customers from makeup artists up to ordinary people. The secret is simple as cosmetics' package with its straight and simple features says about high level of products and its professionalism.

Package as a protection for MAC products. (See Chapter 4, p. 33). The protective function of package is the most primary one for any product and for MAC brand is not an exception. Packaging is made in such a way that cosmetics can serve customers for a long time without any damages. Plastic pallets and carton boxes are suitable for transportation, as all MAC cosmetic products are exported from Canada all over the world.

Last, the fifth chapter of this thesis work was fully dedicated to MAC cosmetics case study. The link between the theoretical part and practical one was made. It was described the history of the brand and how it was developed, its strategy and management style, its success and popularity among customers. The last parts of this chapter were dedicated to packaging description and its influence to the brand development; the main functions of packaging were described.

As a conclusion, it is worth saying that packaging plays an extremely important role in MAC brand's formation; it makes it recognizable among other competitors and helps in promotion. The current situation of brand is very strong; it becomes more international year by year, makes profit, and stays at the leading position in the cosmetic industry.

6 CONCLUSION

As the conclusion, it is necessary to say that branding is an important tool of business, while packaging is a fundamental element of brand. Nowadays, it is not enough just to develop a beautiful package and to brand the product. It is important to give an idea to the package that customers are ready to pay more for this package. It was demonstrated in the practical part of this thesis work, how important a role the packaging plays in MAC brand's formation and how it helps to attract customers, which kinds of idea the company puts in its packaging and how it helps to promote its brand.

Packaging plays a strategic role for any brand, and it can be called as a fundamental marketing component. Unlike advertising affecting only during the actual promotional campaign and sometime after it, packaging has a permanent affect, being all the time in customers' eyeshot during a product usage. The objective of the package is to attract customers and instill confidence for products. There is no sense of talking about packaging design without other components of brand.

Building a successful brand today assumes a strong idea, conception of product, creative approach for package's design and high quality polygraph performance. Only a smart mix of these factors together with systematic promotion of the product at the market will contribute into trademark evolution into a unique brand.

REFERENCES

- Aggarwal S. 2008. Brand Management. Global India Publications
- Agoston Zh. 1982. Theory of colors and its application in design. Mir.
- Business Dictionary. Available: <http://www.businessdictionary.com/>. Accessed: 5.10.2014
- Carving technology <http://www.memidex.com/>. Accessed: 2.10.2014
- Creative packaging examples <http://www.livejournal.com/> Accessed: 10.11.2014
- Dictionary. <http://dictionary.reference.com/> Accessed: 10.10.2014
- Dictionary. <http://www.thefreedictionary.com/about.htm>. Accessed:29.09.2014
- Different types of packaging for different types of industry.
<http://blog.bestpack.com/2012/09/different-types-of-packaging-for.html>. Accessed: 13.12.2014
- Effective Packaging – An essential tool for success. <http://www.prsresearch.com/> . Accessed: 23.10.2014
- Ellicott C. & Roncarelli S. 2010. Packaging Essential. Rockport Publishers, Inc.
- Embossing and debossing technology <http://www.kitsapprinting.com/>. Accessed: 25.10.2014
- Franzen G. & Moriarty S. 2008. The Science and Art of Branding. M.E. Sharper
- Functions of package <http://www.technologystudent.com/index.htm>. Accessed: 13.11.2014
- Functions of packaging <http://morethanbranding.com/>. Accessed: 30.10.2014
- Hatuev E. 2006. Packaging Design. Delo
- History of package. <http://uspackagingandwrapping.com>. Accessed: 15.11.2014
- Isaenko L.2004. Functions of packaging in brand's forming and promotion.Print
- Kotler P.2008. The new strategic brand management.Creating and sustaining brand equity long term. 4th edition. J N Kapferer. London
- Kotler P. 2013. Principles of Marketing.14th edition. Pearson
- MAC cosmetics official site. Available: www.maccosmetics.com. Accessed: 3.11.2014
- McGraw-Hill. 2010. The essentials of branding from The Big Book of Marketing. Landor

Millman D. 2012. Brand Bible: The complete Guide to Designing and Sustainable Brands. Beverly

Novikov S. 2004. Packaging invites.

Package definition. Available: <http://www.businessdictionary.com/definition/package>
Accessed: 5.10.2014

Packaging History. Available: <http://www.bensongroup.co.uk/>. Accessed 25.10.2014

Protective function of packaging <https://www.hearst.com/newspapers>. Accessed 14.11.2014

Sensation Transference, a MEG effect <http://twelvexgiving.com/> Accessed 25.10.2014

Temporal P. 2010. Advanced Brand Management. Managing Brands in Changing world, 2d edition

Urban J. 2001. Brand Management. VIP Edition

What is brand. Available: <http://heidicohen.com/30-branding-definitions>
Accessed: 17.11.2014

What is trademark. Available: http://www.patentamt.de/english/trade_marks/index
Accessed 14.11.2014

Wheeler A. 2012. Designing Brand Identity, 2th Edition: Essential Guide for the Whole Branding Team. Hoboken

TOPICS AND QUESTIONS HANDLED DURING INTERVIEW WITH TATIANA MAKHLONOVA (seller make-up artist in MAC cosmetic company)

MAC cosmetics as a strong brand

- What are brand essence components for MAC brand?
- Which kind of products can be found in the shop?
- How does the brand communicate with its customers?
- What are the services, which can be obtained from the shop?
- What kinds of charity programs MAC handles every year?
- What are the characteristics that make MAC to be a strong brand? Name, special features, communication channels, Protectability and so on. (See APPENDIX 2)

Packaging features

- Illustration of different kinds of existing packages
- What is your personal attitude towards packaging? Is it comfortable to use?
- How does the package can be recycled?

Packaging as a way of brand's development

- Why MAC packaging is special? (personal opinion)
- How packaging helps to promote the production?

Interview took place in Saint Petersburg 21.10.2014 in one of the professional store of MAC located in shopping mall Galeria

FEATURES OF STRONG BRAND (based on the interview with Tatiana Makhlonova, see Chapter 5, p. 34)

- **Name of brand** M•A•C short for Make-up Artists Cosmetics
- **Logo and Symbol**(can be presented in 2 variants, depends on the background on the package, letters MAC)

MAC



- **Special features**-Very high quality, used by professionals for the fashion shows. No commercials on TV. Animal tested free cosmetics.

- **Package** is very simple, carton boxes or plastic containers only in black color with white letters logo.



- **Adaptability-** MAC is very strong brand and able to respond for market changes and in spite of unstable situation on the market and many changes in cosmetic industry , it still has leading positions
- **Protectability-** MAC cosmetics does not offer its products through individuals, street vendors, flea markets, internet auctions, independent boutiques or authorized online retailers.MAC does not sell its products at wholesale over the internet. To be certain about authentic products, customers can visit “Find Stores” page to locate MAC cosmetics at an authorized retailer nearby. MAC Cosmetics are also available online at MAC Cosmetics.com, Bloomingdales.com, Nordstrom.com, Dillards.com and Macys.com. MAC PRO Members can purchase MAC Cosmetics online with their discount at MAC PRO.com.
- **Price-** as MAC cosmetics is a professional one, price is absolutely correspond to its high quality. Price is at the level of luxury competitors, sometimes even cheaper. Usually people spend 45\$ at one purchase
- **Communication channels-**Word of mouth, Motivating Actions (Back to MAC) and Social Media (FB, web site, Twitter)
- **Country of origin-** Canada, Toronto
- **Distribution Channels-**MAC cosmetics intensive distribution takes place at mainly all MAC Pro stores, because all products can be found there.Customers can purchase MAC products also in counters in department stores, but not all items are presented there. Another way to buy is online outlet, official maccosmetic website.
- **Other Brands or competitors-**Luxury Brands: Dior, Chanel Lancôme; Mass Market: Maybellin, Rimmel, Bourjois

PACKAGING TYPES IN DIFFERENT INDUSTRIES

Food and Drinks industry

Biscuit liners



Free standing display units



Cake base discs



Clamshell packaging



Fruit and vegetable packaging



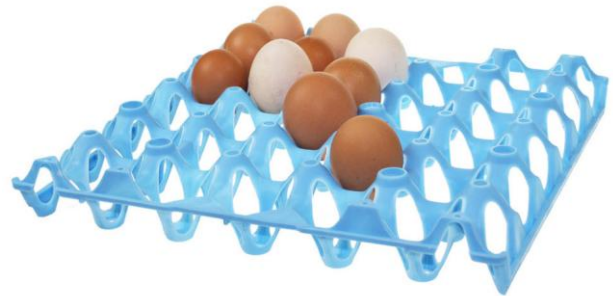
Cluster pack for bottles



Fruit trays



Eggs trays



Soft drinks cans



Alcohol and others



Consumer goods industries

Bubble bags



Composite packs



In-store theater



Ultra slim cases



Medical packaging



Powder boxes



Household cleaning and personal hygiene



Electronics

