

There's A Price To Be Paid for Ignoring Commodities

While not able to attend **PET Strategies 2006**, I did read the Nov. 30 article in **Packaging Strategies Newsletter** concerning the address by Robert Long, vp of **Coca-Cola's** packaging platform. With all due respect to Mr. Long, I believe "victory" for CPGs and the



Coca-Cola's Robert Long told **PET Strategies** attendees to stop focusing inordinate development time on commodity soft-drink technologies and instead spend that effort on higher-value products that offer greater brand advantages.

packaging industry is in "the opposite direction" when it comes to how, where, and why we focus our attention and resources.

After being in the packaging industry 27 years and spending a significant amount of time studying Japanese packaging and merchandising innovation, I believe

Mr. Long's comments expose a core business and consumer philosophy that, while seemingly "economical," is flawed and limiting. His comments illustrate a key difference between Japanese and North American marketing philosophies.

In Mr. Long's opinion, (U.S.) consumers only deserve to be "delighted" with select products, and commodities should be packaged using only cheap, cheaper, and cheapest approaches. In Japan, there really are not any "just commodity" products. Suggesting that suppliers conserve resources when considering commodities presupposes that certain products and market segments are terminally "low-value" and that packaging for these applications need not evolve or improve.

In Japan today, where convenience stores are as powerful and cost-conscious as monster retailers here, brand owners are still churning out highly innovative and premium-positioned products and packages priced under \$2 that are satisfying highly demanding shoppers.

I would suggest that we not lose the lessons learned from the U.S. automotive industry, or other stark recent examples:

- **Toyota** spends literally millions of dollars to study consumer experiences and feelings about temperature control switches and how a door should feel and sound when it is closed
- Executives at many major CPG organizations laughed out loud over the lunacy of an emerging company's business model that did not accept that coffee marketing was commodity-based (**Starbuck's**)
- Consumers pay more for water in a bottle than they do for fuel for their automobiles

While there is no doubt that Long has elite corporate credentials and accomplishments, one must question the wisdom of turning off the innovation "faucet" for any product or package that must keep pace with an ever-changing consumer faced with increasingly rapid lifestyle changes.

*The writer of this 2nd Opinion, Neil Kozarsky, is president of **T.H.E.M.**, an innovative packaging solutions company based in Marlton, NJ.*



"I believe Mr. Long's comments expose a core business and consumer philosophy that, while seemingly "economical," is flawed and limiting," says T.H.E.M. president Neil Kozarsky.

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