



Information Booklet

Sales and Marketing

6

PRODUCT LABELING

for SMEs



Introduction

Small and Medium Enterprises Development Authority (SMEDA) works under the Ministry of Industries and Production, Government of Pakistan and was established in 1998 with the objective to propel economic growth through development of SMEs. SMEDA serves as an SME strategy-advisory body for the Government of Pakistan and facilitates partners in meeting their SME development agendas.

SMEDA envisions growth of a globally competitive SME sector (in Pakistan), through creating an enabling environment and support services for increase in the national economy. SMEDA strives to achieve this vision by providing assistance in employment generation and value addition to the national income, through development of the SME Sector, by helping increase the number, scale and competitiveness of SMEs.

National Business Development Program for SMEs (NBDP) is a project of SMEDA which intends to provide hands-on support services to SMEs. The aim of this business development support provided by NBDP is to advance new businesses and improve efficiencies in existing SME value chains to empower them to contend in global market. NBDP expects to facilitate around 314,000 SME beneficiaries over the period of five years.

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Objectives

- To explain the need and importance of labeling in SMEs.
- To explain the necessary trade description required in labeling.
- To determine the role of labeling in product promotion.

Table of Contents

a	→	Concept and Need of Product Labelling	1
b	→	Requirements of Product Labeling – Ensuring Compliances	1
c	→	Methods of Labelling a Product	2
d	→	Goods Requiring Labelling and Pre-Packaged Goods Labelling	4
e	→	Exported Goods and Country of Origin Labelling	5
f	→	False Trade Descriptions	6
g	→	Rules and Standards in Pakistan's Context	6

a Concept and Need of Product Labelling

Whenever a product is packaged, there is a convention to disclose product information by law as well as by market norms. This helps to communicate the value of the product to the customers. One of the ways to do that is to use labelling information called product labelling. Product labelling is a way of communication between the brand and the consumer. Product labelling has very important information printed on the product packaging.

Importance of sales in a small business is such that if it is not the sole arbiter of success, it is the major part of the “Strategy for Success”.

People who excel at projecting the need and then follow-up with persuading and closing the deal; are successful sales people and lead the way in entrepreneurial ventures.



What is Product Labelling?

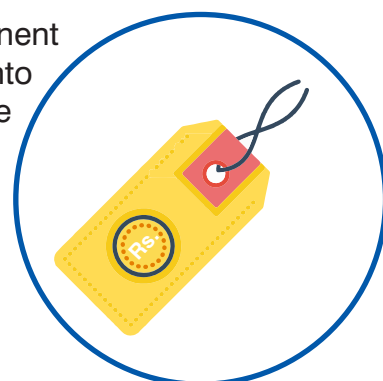
Product labelling is an integral part of a product. Labelling is the written product information on the packages. The written labels on the package provide important product information to the intended customer. In essence, product labelling is something different from product packaging. Usually, packaging includes the brand colors, the logo and the material as well as the shape of the package etc. The product labelling on the other hand is the informational and instructions for use or care.

Example – A food product like Maggi noodles might have the ingredients of the product, as well as, the instructions on how to make the product, explained on the package. All these pieces of product information and instructions for care and use are nothing else but product labelling by the brand.

Product labelling can be on both the hard and soft form of packaging for the products. They can be as simple one or two lines on the back of the product package or it can be as much as the whole back end of the product package being full of written information. If you pick up any shampoo, you will find the back to be full of information about the manufacturing location, customer service, ingredients, ways to apply, safety instructions etc.

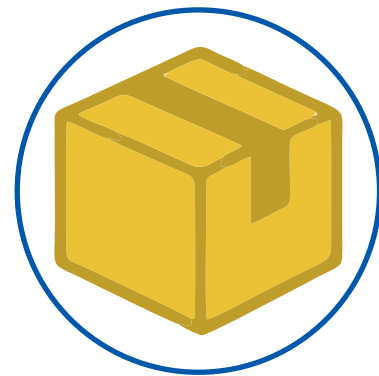
b Requirements of Product Labeling – Ensuring Compliances

Label compliance is the process of ensuring that a product label meets all pertinent regulatory requirements. But it extends beyond government regulation and into industry standards. Most of these labelling requirements come from the regulatory body. There are numerous regulatory bodies for all products. The regulatory and governing body for the food product is the Provincial Food Regulatory Authority (PFRA). PFRA is yet to announce if it can decide the labelling requirements. Thus, any new product in the market has to adhere to these packaging and labelling guidelines of the country’s regulatory bodies.



C Methods of Labelling a Product

There are various methods of labelling products being used in the market. While the common types are brand and product identity, grade and type, requirement by law, description and promotion etc.



1 Brand and Product Identity

The label on the product is the primary product description and identity. The name of the product and the brand itself is considered as part of product labelling and these product labels form the brand identity.

Example –Fauji generally mentions its own parent brand on all its products because it wants to remind customers that their products are under the umbrella branding of Fauji and are not independent. Furthermore, in some jurisdictions it might be a legal requirement to publish the parent brand along with the sub-brand.



2 Grade and Type

Sunsilk shampoo has many different types. To differentiate their product besides changing the design and packaging style of the product, they also change the label on the shampoo. Thus, product labelling can be used to differentiate between the various grades and type of the product.

If you were to buy 7UP, then the bottle or tin does mention whether it is strong or mild. This is the grade of soft drinks or drinks you are buying. Similarly, even packaged food industry commonly uses various grades to differentiate their products like the different types of cornflakes.



3 Requirement by Law

Significant amount of information is communicated through labelling and there are numerous labelling requirements which might be specified by a regulatory body like PFRA. Some of them which are very common include Ingredients, manufacturing plant, batch number, expiry date, MRP, safety instructions etc. Thus, a company has to consider all legal requirements before deciding on the product labelling.



4 Description

In terms of product description, not just product ingredients but also its features and other useful information is provided. By law, a product may or may not be required to print usage instructions on the package of the product, but most manufacturers provide it in their best judgement. Some products use a manual to communicate the same whereas others provide usage instructions on the packaging itself.

If you buy Knorr soup, the package will tell you and give you specific instructions on how to make the soup. If you buy Kellogg's cornflakes, the package will, in fact, give you specific diet instructions besides showing the normal ingredients and calorific value. Thus, in a description, we generally use instructions such as How to use, how to store, how to care etc.



5 Promotion

When some incentive or discounts in price is offered, it is referred as promotion. Buy 2 and get 1 free, this is a type of discount which is mostly encountered especially during festive season. Usually, if a promotion is printed on the package, it has to be adhered to till the packages last.

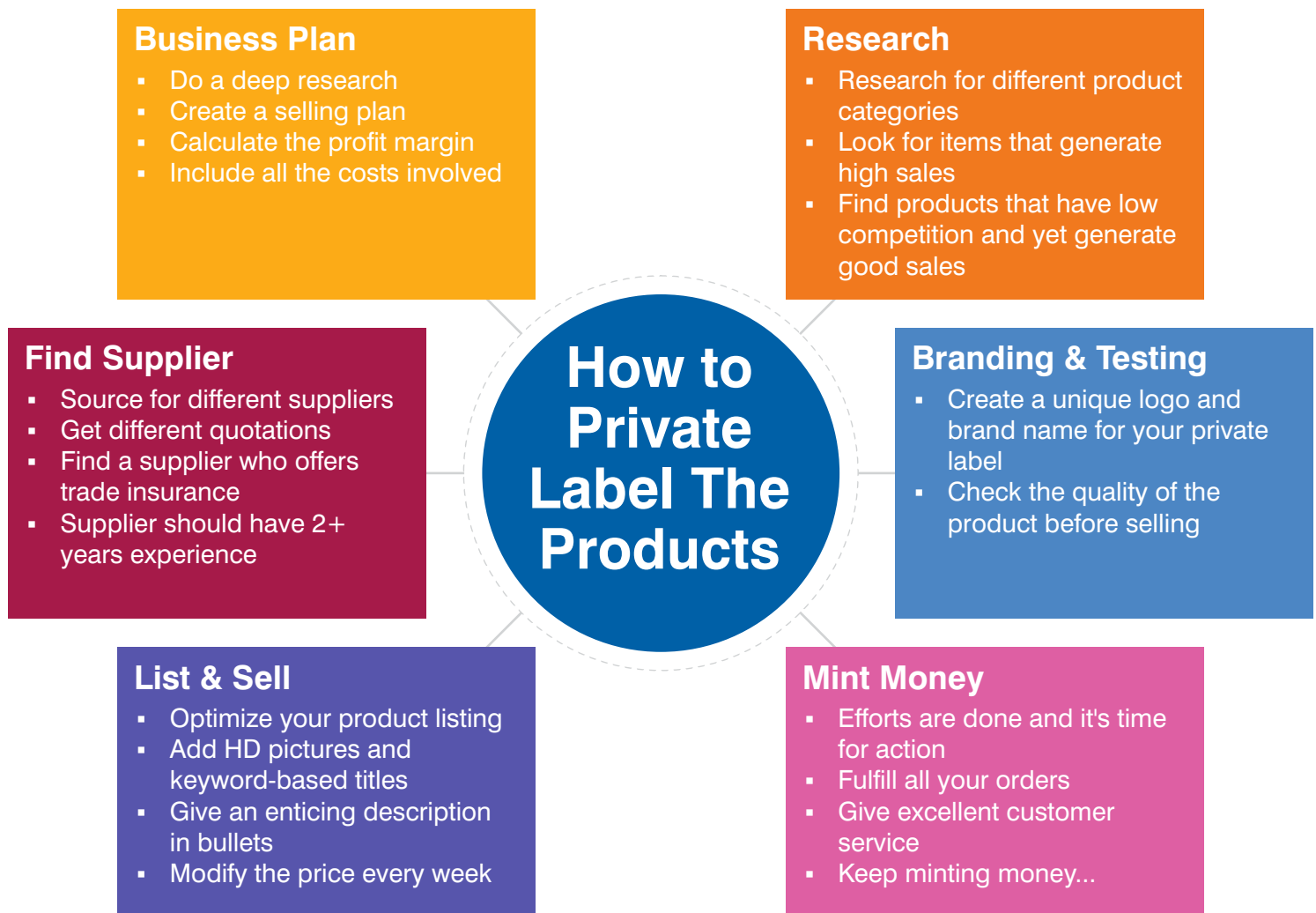
Quite simply, a large bottle of Vinegar is promoting that you might get 33% more vinegar at the same price or a free-be attached to the package. Now, this is a promotion which will immediately attract the customers' attention. At such times, product labelling can become the last mile seller for the brand. A look at the product label can convert a prospect to a customer.



6 Additional Information

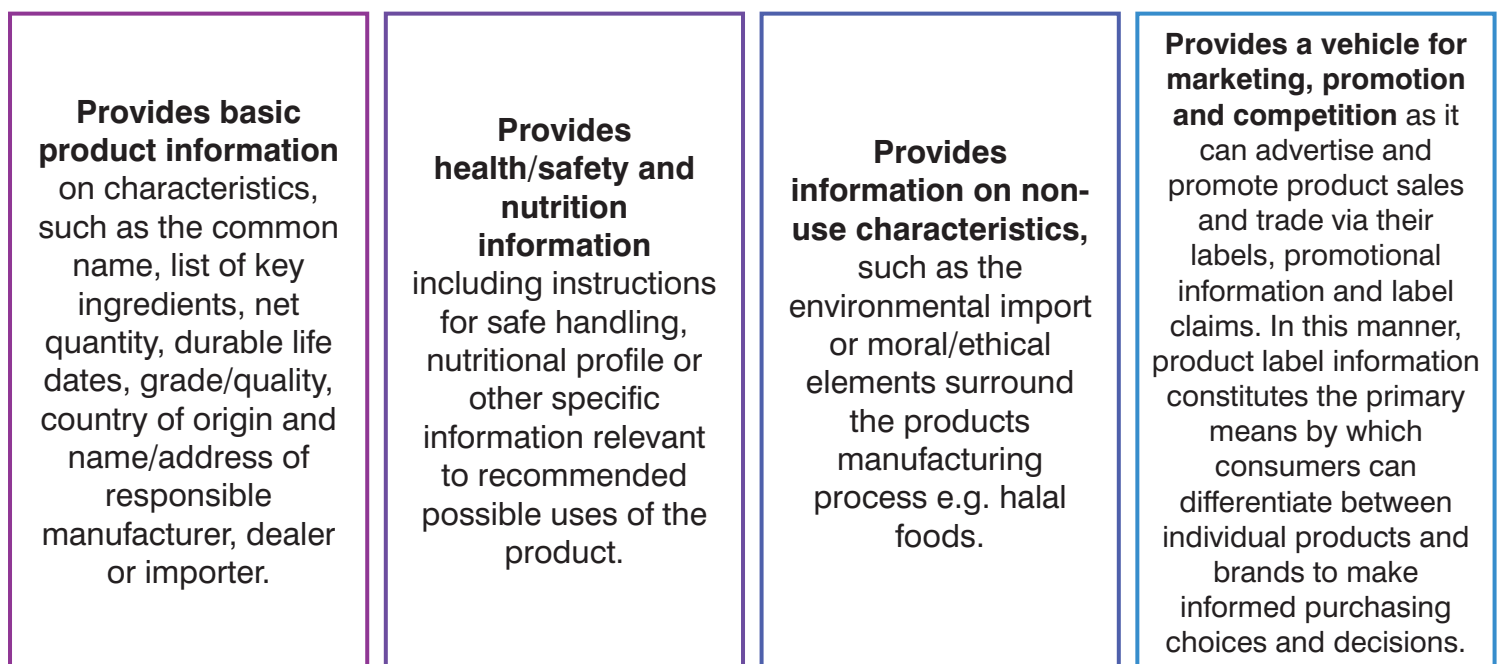
There may be additional information on the product, of use to the customer, which can be used for product labelling. Example – A packet of Maggi which is made of whole wheat might have a picture of Maggi packet on top of wheat. This image will show that the product is healthy and might encourage customers to buy the product. Similarly, such additional information, which can be a differentiation factor can be used on the product. Like the K&N chicken being fed the vegetables and corn.

In the era of E-commerce, product labelling has become more important because the customers are much more likely to reject a product which they do not know how to use. So, E-commerce sellers should ensure that the labelling on the product covers all legal norms and at the same time promotes the product. It should also use proper usage descriptions, storage instructions and various marketing tactics to encourage word of mouth. In essence, research is required while deciding the product labelling.



d Goods Requiring Labeling and Pre-Packaged Goods Labeling

The regulations for product labelling, marking and packaging vary from country to country, however, certain basic information is constant in all regulations. In essence, these regulations are a policy instrument of governments which regulates the presentation of product-specific information relating to particular consumer groups in their respective country. These are; therefore, an import means of communicating product information between buyers and sellers and serves four primary functions:



e Exported Goods and Country of Origin Labeling

The importance of correct product labelling, marking and packing for exports cannot be overstated. Exporters who do not meet the labelling, marking and packaging regulations of their specific overseas markets could incur heavy penalties and loss of export business.

Traceability is an important issue for manufacturers. But for consumers, displaying country of origin information does not act as a guarantee of food safety. Country of origin labelling would have done little to help them, much less the final consumer.

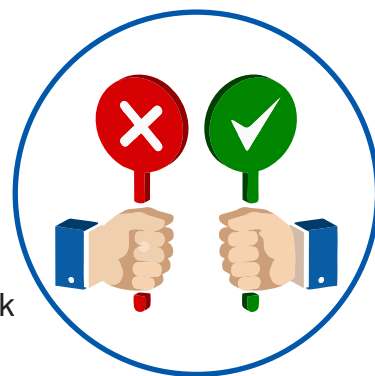


The overseas buyer usually specifies which export marks should appear on the cargo for easy identification by receivers. Products may require many markings for shipment. For example, exporters need to put the following markings on cartons to be shipped:

1	Shipper's Mark
2	Country of Origin (in this case, Pakistan)
3	Weight Marking (in pounds and kilograms)
4	Number of Packages and Size of Cases (in inches and centimeters)
5	Handling Marks (i.e., international pictorial symbols)
6	Cautionary Markings, such as "This Side Up" or "Use No Hooks" (in English and in the language of the destination country)
7	Port of Entry
8	Labels for Hazardous Materials (i.e., universal symbols adopted by the International Air Transport Association and the International Maritime Organization)
9	Ingredients (if applicable, also included in the language of the destination country)

f False Trade Descriptions

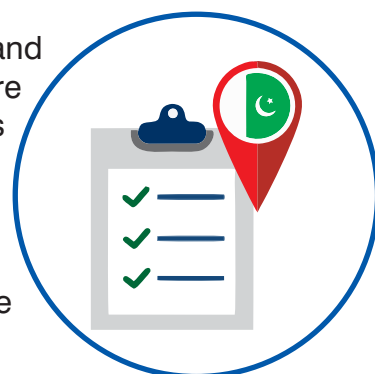
“False Trade Description” means a trade description which is untrue in a material respect as regards the goods to which it is applied, and includes every alteration of a trade description, whether by way of addition, effacement or otherwise, where that alteration makes the description untrue in a material respect, and the fact that a trade description is a trade mark or part of a trade mark shall not prevent such trade description being a false trade description.



g Rules and Standards in Pakistan's Context

Up till now, Pakistan has no uniform or universal system of imposing labeling and marking requirements on products. However, individual industries or sectors are subject to the regulations of specific bodies like PFRA for food products, Drugs Regulatory Authority of Pakistan for drugs and Pakistan Standards and Quality Control Authority - PSQCA for industrial products like cement and fertilizer etc.

Recently, on February 19, 2019, Pakistan's Ministry of Commerce (MOC) issued a Statutory Regulatory Order (SRO) concerning labeling of food products. The SRO requires the following label information:



1

A minimum 66 percent shelf life at the time of clearance of goods.

2

Labeling of nutritional values and usage instructions in Urdu and English language.

3

The accreditation authority of the country that validated the Halal Certificate or Halal Certificate issuing authority needs to be a member of either IHAF or SMIIC.

The regulatory authorities in Pakistan need to create a set of labelling guidelines to compel manufacturers or sellers to disclose maximum information related to a product for the benefit of consumers. For this purpose, benchmarking can be established using the European Union labelling rules as guidelines.

Conclusion



An essential part of a product is how it is labelled. Basically, this label includes product information which is important for every customer to know. For example: informational and instructions for use or care of any product. These labels need to be ensured by the regulatory bodies. For example, for food products, Provincial Food Regulatory Authority (PFRA) is the regulatory body. While exporting goods, meeting the marking, packaging and labelling regulations are necessary as there can be false description written on the packaging. This is why going through all the required methods while labelling a product is really important.



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