
EMPIRICAL STUDY OF PACKAGING AND ITS EFFECT ON CONSUMER PURCHASE DECISION IN A FOOD AND BEVERAGES FIRM

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ABSTRACT

This study was carried out to ascertain the "Impact of Packaging on Consumer Purchase Decision". The objectives of the study are to investigate the role of product attractiveness in stimulating consumer interest in a product, to examine whether product differentiation influence consumer evaluation of the product, to determine the effect of labeling in creating consumer awareness of the product and to investigate how product design can facilitate consumer trial purchase. Samples were drawn from loyal customers of a particular multinational company in food and beverage industry in Nigeria. While Regression was used to test the four hypotheses for this study. The core findings from the result obtained revealed that labeling can create consumer awareness. Product cataloguing and tagging can draw the attention of consumers, it also revealed that consumers are attracted to buy the product because of its shape, color and design of the product. It was concluded that packaging plays a positive role in the consumer purchase decision. It was recommended that organizations should pay attention to the information used. It must also be more useful technically. Management should ensure that their product package is not also deceptive.

Keywords; Packaging, consumer, purchase decisions

INTRODUCTION

1.1 Background of the study

In today's competitive environment, the role of packaging has changed due to increasing self-service and changing consumer's lifestyle. Firm's interest in the package as a total of sales promotion is growing increasingly. The package becomes an ultimate selling proposition stimulating impulsive buying behavior, increasing market share and reducing promotional costs. Packaging can be defined as the container which is necessary to convey a product to the ultimate consumer, as contrasted with packing (cartons, crates, etc.) that is required for bulk shipment. Also, packaging is the art of enclosing or protecting products for distribution, storage, sale which is bought by the consumer. Pilditch(1973) has defined packaging as the silent salesman in the store and it was the only communication between a product and the final consumer at the point of sales, most consumers are moved by the products package, that is by the color of the design used, barrier protection, the image used, information transmission that is how to use the product and mostly containing the expiry date for the product. Now for a product to travel safely through the channel of distribution it must have at least the minimum protection offered by the company through the use of containers, this is called packaging. Packaging actually plays a critical role in protecting fresh produce and processed food in transit, in storage, at point of sale, and prior to consumption. In doing so, it helps deliver a wide range of functions while reducing food waste. Packaging as a silent salesman is directed toward influencing the point of purchase buying decision through the package design, color, etc. Most companies are involved in packaging primarily to gain a non-price competitive advantage by utilizing the package to present a favorable image of the product which it contains. Packaging is a critical strategic element for brand differentiation and identity, because this helps the producer to differentiate its product and identity from its competitors. Underwood, Klein and Burke (2001) found that designing packages with product images gain attention for brands, especially brands that are less familiar and that provide experiential benefits.

Packaging really affects the buying behavior of some individuals looking at the young people. Packaging provides the manufacturer with the final opportunity to persuade prospective buyers prior to brand selection, because shoppers are exposed to packages just as they are in other forms of promotion. Also, consumers can easily overcome the challenge of visually assessing volumes contained within a variety of shapes because most product labels provide the information via packaging (Ampuero and Vila 2006).

The purchase decision is a series of choices or judgment made by a consumer prior to making a purchase that begins once the consumer has established a willingness to buy. The consumer must then decide where making the purchase, what brand, model, or size to purchase, when to make the purchase, how much to spend, and what method of payment will be used., but this decision can only be influenced by the product package, how different is the product from other brands, thus packaging affects consumer purchase decision.

According to Rundh(2005) package attracts consumer's attention to particular brands, enhances its image, and influences consumer's perceptions about products, thus packaging a certain product based on your consumer needs, the producer can use labeling or image description to arouse the interest of the consumer to purchase that product, when the consumer is moved by the image or label used to package the product he or she desires or makes a purchase for that product that is needed.

A lot of firms in the industry have embarked on one strategy or the other in order to gain more market share for their products. In an attempt to get more customers to purchase their products, companies have engaged in different innovations so as to make their product compete with that of competitors, the packaging form is one way to gain consumer notice (Berkowitz, 1987). Organizations now engage in good packaging and

repackaging of their product making it difficult for consumers to make choices among different competing product. Also a lot of money has been incurred by organizations because of packaging, mostly when trying to differentiate their products from competitors. Also, the problem of the issue of product differentiation in enhancing consumer evaluation of the product has not been ascertained or considered important to increase the purchase of a product. If the information supply of the label does not agree with the knowledge and expectation of the consumer, it may serve as a disincentive for the product purchase. It is against this background that this study seeks to examine the impact of packaging on consumer purchase decisions.

1.2 Objectives of Study

The importance of packaging is growing rapidly in competitive markets, it is crucial for marketers to explore packaging and its attributes in more details, in order to gain a better understanding of which attributes are the most important factors that influence the consumer's purchase decision. The main objective of this study is to explore the impact of packaging on consumer purchase decisions. However the specific objectives are as follows:

- To investigate the role of product attractiveness in stimulating consumer interest in a product.
- To examine whether product differentiation influence consumer evaluation of the product.
- To determine the effect of labeling in creating consumer awareness of the product.
- To investigate how product design can facilitate consumer trial purchase.

2.0 LITERATURE REVIEW

According to Panwar (2004) Packaging is the act of containing, protecting and presenting the contents through the long chain of production, handling and transportation to their destinations in as good a state, as they were, at the time of production. Packaging is an important part of the branding process as it plays a role in communicating the image and identity of a company (Sajuyigbe, et. Al., 2013)

“Packaging is the container for a product – encompassing the physical appearance of the container and including the design, color, shape, labeling and materials used”

Packaging has a huge role to play in the positioning of products. Package design shapes consumer perceptions and can be the determining factor in point-of-purchase decisions which characterize the majority of shopping occasions.

Alice louw (2006) says that packaging is also important in the marketing environment. According to him the best packaging leaves the good image of the product in the consumer mind.

Harekham(1989)notes that package is the shopper's avenue to the product because it often projects the initial impression he/she forms about a brand, its quality, or value. For products that are not purchased in their final form, such as many food items, the shopper frequently relies on the package to develop an impression of the product in its prepared state. This shows that there is a difference between package and packaging.

Lewis (1991) extended Pilditch's (1961) views, describing good packaging as far more than a salesman, but a flag of recognition and a symbol of values. Underwood (2003) claimed that packages were having intrinsic or extrinsic attributes based on certain features they possess. Vazquez, Bruce and Studd (2003) further stated that today, the pack must come alive at the point of purchase, in order to represent the salesman.

Today packages are designed to appeal different occasions, demand to different social groups and even distinguish between different brands.

A number of experts have reviewed the concept of packaging design in connection with impulsive buying.

In essence, the combination between physical packaging, and written communication regarding product content are the basics of current packaging designs (Klimchuk&Krasovec, 2007).

Nilsson &Ostrom (2005) state that packaging design contains three constitutive elements: shape, color, and graphic. Later Ampuero& Vila (2006) state that packaging design has two dimensions: graphic and structure.

According to the three cited sources (Nilsson and Ostrom, 2005; Ampuero and Vila, 2006; and Klimchuk and Krasovec, 2007), the packaging design variable has the following constructive dimensions: graphic design, with brand name, color, typography, and image as sub-dimensions; structure design, with shape, size, and material as sub-dimensions; and product information. Packaging design consists of various elements, or constructive dimensions whose function is to influence consumers in their purchasing decisions.

Prior to this research, several others have been conducted in regard to packaging design and purchase decision. In their research, titled Packaging and Purchase Decision: An Exploratory Study on the Impact of Involvement Level and Time Pressure, Silayoi and Speece (2004) state the importance of packaging design as an emerging communication and branding device in the competitive packaged food market. The study found that the elements of packaging are the main factors in the assessment and decision of household product purchases. Nilsson and Ostrom (2005), in their study titled Packaging as a brand communication vehicle, state that in regard to packaging design there are no perceptual differences between men and women.

Hypotheses Development

A unique packaging approach can be a powerful advantage in drawing consumer's attention and drive impulse purchases, especially with the move to self-service retail format; packaging enhances its primary characteristic as "salesman on the shelf" at the point of sale (Pilditch, 1972; Silayoi and Speece 2004).A product's package also has a visual appeal that can be attractive or unattractive to customers. This concept has been thoroughly investigated and researched. A study by Clement (2007) shows that the visual attributes of a product that are attractive to a consumer are the distinct shape, color, orientation, and contrast or size of the package. Another way companies try to influence consumer purchasing decisions is through the product packaging design. A product's package can become yet another "salesperson" for the product once it is in stores. As a result, companies are trying to determine how to best use a product's package to communicate with their customers in hopes that it will play a significant role in a consumer's decision to buy their product.The following hypothesis is therefore proposed.

H₁: Product attractiveness stimulate consumer interest in a product.

Prone (1993) deems that the package can attract the customers' attention, communicate the company's name and image, differentiate the brand from competitors, and enhance the product's functionality (Garber & Burke & Jones 2000). Therefore, the package itself acts as a decisive communication tool and provides consumers with product-related information during the buying decision process. Since the major task of packaging is to sell the product by attracting attention and to allow the product to be contained, utilized, and protected (Silayoi&Speece 2004, p. 610) it will have a lot of effect on consumer buying decision.The following hypothesis is therefore proposed.

H₂: Product differentiation influences consumer evaluation of the product.

The label serves as a first line of consumer awareness and is vital to maximize the efficacy of the product. Labels keep consumers informed, the description of the product help customers makes an informed decision. It is found in researches that the consumer purchase behavior is affected by the labeling. A printed label not only carries a brand name but also a source of important information (Caswell & Padberg, 1999). The presence of nutritional information may influence the consumers to switch from unhealthy food products towards healthy food products (Anderson & Zarkin, 1992). As the consumers, due to globalization have become more demanding, therefore, the producers have understood the psychology of consumers and guide them with practical knowledge to cater for the market and serve the people. So, consumers can end up making better food choices if they value and make use of the labeling. (Consumer awareness). The consumers with the help of labeling gets to know and understand the product characteristics, nutritional properties, preservation and instructions to facilitate the consumers to make a sound decision at the time of purchase, hence it carries a great significance (Senesi et al, 2006). (Nutritional labeling)

H₃: Labeling creates consumer awareness of a product.

Packaging and packaging design has become significant factors in the marketing of diverse “consumer goods” and have a main role in communicating product benefits to the customer. Consumers are the key actors in planning and implementing packages. Hereby, the key issue for packaging design is to understand and satisfy the consumer (Stewart 2004). An innovative packaging design can change product perception and create a new market position (Rundh, 2005). Consumer trial, satisfaction and repeat purchase, may be a direct function of packaging for many consumer non-durables, and perhaps some durables as well. Obviously, attracting the consumer to a trial purchase is insufficient for true product growth and eventual maturity. Consumers who are frustrated by packages that cannot be easily opened, or labels, that cannot be read without magnification may opt for brands that have considered the human condition in their package design. Bix, et al

H₄: Product design facilitates consumer trial purchase.

Theory of Trying: The Theory of Trying advocated by Bagozzi and Warsaw (1990) focuses on the assessment of trying to act. In other words, in theory, of trying “an attitude toward a reasoned action is replaced by an attitude toward trying and an intention is restricted to an intention to try” (Carsrud, 2009, pp. 155). In theory, of trying Bagozzi and Warsaw (1990) divided goals into two categories: intermediate and end-state goals.

In relation to this theory, Gould (1997) has identified two main reasons of why consumers may fail to try to consume. Firstly, consumers may fail to consider the options available to them. Secondly, consumers may consciously refrain from buying for various reasons. The Theory of Trying (Bagozzi and Warshaw 1990) provides an interesting alternate approach to the models previously considered. Rather than examining explicit behavior, the model assesses trying to act. Subjective norms, attitude toward the process or means of trying, attitudes and expectations of success and attitudes and expectations of failure are posed as the key antecedent variables to intention to try; itself the key precursor to trying. Past behavior has been found to influence consumer choice in a number studies (Bagozzi and Kimmel 1995, Leone, Perugini, 1999, Norman and Conner 1996), and is thus integrated as a key influence within the theory. Bagozzi (2002) suggest in discussion of this theory that rather than consumers having behavioral intentions, they rather have behavioral goals in many situations, and they must expend effort and make the purposive endeavor to fulfill these goals. To date the theory of trying has mostly been applied to health related decisions, and only a few studies have applied it to retail consumption decisions. Some parts of the theory have been supported empirically, but not all of the variables have been found to be significant in every test (Bay and Daniel 2003). In a fillip to the theory, Gould (1997) published research into the reasons for consumers ‘failing to try to consume’. In this case, consumers are said to either fail to see or be ignorant of their options, or make a conscious effort not to consume.

3.0 Methodology

Descriptive survey method was adopted in the carrying out this study. Data were obtained through the use of questionnaires. The population of study consists of 250 selected consumers of Unilever products Agbara Estate of Ado Odo/Ota, Ogun Nigeria. The researcher used simple random sampling technique to derive consumers of Unilever products in that area. Yard formula was used to determine the sample size of 154 consumers of Unilever products in Agbara Estate of Ado Odo/Ota, Ogun Nigeria.

The survey instrument consisted of a two part self-administered questionnaire. The first part of the questionnaire was designed to capture demographic characteristics of respondents. The other parts were designed to capture information on constructs pertaining to impact of packaging on consumer purchase decision. The questions were designed in simple and clear language to remove ambiguity. The responses to each of the statements were on a 5 point Likert ordinal scale. The questionnaires were intended to generate responses that assisted the researcher to address the research problem, objectives, questions and hypothesis. The questionnaires were carefully distributed and the returned questionnaires were analyzed to aid a reasonable conclusion. Multiple regression analysis was used for the hypothesis testing to determine the effect between consumer purchase decision and purchasing. The data analysis procedure was done using the SPSS, statistic software/application. The Cronbach alpha reliability test for the study was found to be 0.762 for the 18 items analyzed together. This indicates that the research instrument used for this study is reliable.

4.0 DATA ANALYSIS AND INTERPRETATION OF RESULTS

Testing of Hypotheses

Hypothesis 1

H₁: Product attractiveness does not stimulate consumer interest in a product

Tab. 1: Regression effects of product attractiveness and consumer interest in a product

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.472	.450		5.488	.000
Consumers pay more attention to product's that appeal to them	.224	.070	.273	3.178	.002
Consumers may notice a product due to its high attractive packaging design	.173	.094	.158	1.838	.068
R	.346				
R ²	.119				
ADJ. R ²	.105				
F	8.541				
Overall Sig.	.000				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

Source: Field Survey, 2014

The table 1 above summarizes the relationship that exists between product attractiveness and consumer interest in a product. It therefore, shows that there is a direct significant relationship between product attractiveness and consumer interest. It yielded a co-efficient of regression $R = .346$ and adjusted $R^2 = .119$ which implies that 11.9 per cent of the total variance in consumer interest is accounted for by product attractiveness. The table also indicates that the analysis of variance of the regression analysis produces an F-ratio value of significant at 0.05 level ($F=8.541$; $P < 0.05$) which therefore hold that product attractiveness has significant effects on consumer interest in the product. This finding is in line with CerveraFantoni (2003) which says that packaging is on the foreground in attracting attention and causing the purchase.

HYPOTHESIS TWO

H₂: product differentiation does not influence consumer evaluation of the product.

Tab. 2: Regression effects of product differentiation and consumer evaluation of the product

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.087	.412		5.067	.000
Product differentiation enables consumer rating of the product	.213	.075	.237	2.833	.005
Product distinctiveness eases consumers judgment of the product	.272	.082	.278	3.325	.001
R	.401				
R ²	.161				
Adj. R ²	.148				
F	12.105				
Overall Sig.	.000				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

Source: Field Survey, 2014

The table 2 above summarizes the relationship that exists between product differentiation and consumer evaluation of the product. It, therefore, shows that there is a direct significant relationship between product differentiation and consumer evaluation. It yielded a co-efficient of regression $R = .401$ and adjusted $R^2 = .161$ which implies that 16.1 per cent of the total variance in consumer evaluation is accounted for by product differentiation. The table also indicates that the analysis of variance of the regression analysis produces an F-ratio value of significant at 0.05 level ($F= 12.105$; $P < 0.05$) which therefore hold that product differentiation has significant effects on consumer evaluation of the product.

HYPOTHESIS THREE

H₃: labeling does not create consumer awareness of a product.

Tab. 3: Regression effect of labeling and consumer awareness of a product

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.481	.417		8.348	.000
	The tagging of a product enhances consumer understanding of the product	-.167	.089	-.159	-1.888	.061
	The class of a product plays an important role in a potential customer's decision making process	.346	.072	.406	4.827	.000
R		.399				
R ²		.159				
Adj. R ²		.146				
F		11.923				
Overall Sig.		.000				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

Source: Field Survey, 2014

The table 3 above summarizes the relationship that exists between product labeling and consumer awareness of the product. It, therefore, shows that there is a direct significant relationship between labeling and consumer awareness. It yielded a co-efficient of regression $R = .399$ and adjusted $R^2 = .159$ which implies that 15.9 per cent of the total variance in consumer awareness is accounted for by labeling. The table also indicates that the analysis of variance of the regression analysis produces an F-ratio value of significant at 0.05 level ($F = 11.923$; $P < 0.05$) which therefore hold that labeling has significant effects on consumer awareness of the product.

HYPOTHESIS FOUR

H₄: Product design does not facilitate consumer trial purchase.

Tab. 4: Regression effects of product design and consumer trial purchase

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.280	.509		4.479	.000
	An eye-catching design will enhance a trial purchase of a product	.259	.099	.226	2.622	.010
	The shape of a product can make consumers try out a product	.176	.086	.176	2.041	.043
R		.311				
R ²		.96				
Adj. R ²		.082				
F		6.725				
Overall sig.		.002				

(*p < 0.01) ** p < 0.05) *** p < 0.1)

Source: Field Survey, 2014

The table 4 above summarizes the relationship that exists between product design and consumer trial purchase. It, therefore, shows that there is a direct significant relationship between product design and consumer trial purchase. It yielded a co-efficient of regression $R = .311$ and adjusted $R^2 = .96$ which implies that 9.6 per cent of the total variance in consumer trial purchases is accounted for by product design. The table also indicates that the analysis of variance of the regression analysis produces an F-ratio value of significant at 0.05 level ($F = 6.725$, $P < 0.05$) which therefore hold that product design has significant effects on consumer trial purchase.

CONCLUSION/RECOMMENDATIONS

Based on the findings of the study, it is established that product attractiveness has significant effects on consumer interest in the product. It was also discovered that product differentiation has significant effects on consumer evaluation of the product. It was ascertained that labeling has significant effects on consumer awareness of the product. Finally, it was observed that product differentiation has significant effects on consumer evaluation of the product. Based on these findings, it is therefore recommended that:

- Organization should concentrate their efforts on making the package of product very attractive in order attract the interest of their customers.
- Organizations should ensure high product distinction between its products and that of competitors' products so as to enhance consumer rating or evaluation of the product.
- Organizations should pay attention to the information used. The information given on the label and its value have to be highlighted while promoting the product in the market and must also be more useful technically.
- It is recommended that the organization should not relent in its packaging design efforts as these have been found to be very useful in attracting customers for purchase trials.

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