

Product Packaging and Consumers' Buying Decision: A Case Study in Company A

Ahmad Syahmi Ahmad Fadzil, Nur Ain Syazmeen Ahmad Zaki, Syed Jamal Abdul Nasir
& Muhammad Hilmi Sukery

Universiti Teknologi MARA, 40450 Shah Alam, Selangor, Malaysia

Abstract— This research examines the impact of product packaging towards consumers' buying decision in Company A. Company A is a frozen seafood company located in Klang Valley, Malaysia. Since Company A is a local SME (small and medium enterprise), the needs to influence consumers to purchase its product through a good packaging is important. Research is carried out using both primary and secondary sources of data. Accordingly, the product packaging design, colour, typography and convenient of usage were identified as the factors influencing. Thus, research hypotheses were regulated. This research was conducted quantitatively with four hundred and thirty sets of questionnaires were distributed to consumers in Klang Valley. Results show that all the factors have high and positive relationship towards consumers' buying decision. As for the most dominant factor, packaging typography ranked first followed closely by packaging convenient of usage as the second most dominant factor.

Practical Implication— This research can be beneficial for the SMEs to enhance their product packaging to capture customers' interest. This research can be utilized as a light for the SMEs to pay consideration to such factors, because their benefits are not only for the company but the industry over the long run particularly in keeping up the business sector.

Keywords—Consumers' buying decision, Convenient of usage, Color, Design, Packaging, Typography

I. INTRODUCTION

PACKAGING can be defined as material wrapping around a consumer good that function to describe, contain, identify, display, promote and making sure that the product is marketable and keeping it clean [1] Product packaging is more than only a product presentation to consumers. It plays critical functions in determining pricing criteria of a product, promotion campaign, defining product's character, as a trend setter, creating brand identity and influencing shelf impact among the product groups.

Packaging regularly act as a first and last impression to the consumer and potential consumer that they will have a product before buying decision is made [2]. Hence, an effort should be spend on ensuring proper packaging to secure all functional possibilities in the form of brand qualities, product description and pure innovation. Since product packaging can provide additional value to a product, marketers ought to give a great thought and put resources in that area. In that capacity, they need to ensure that a packaging can support in building competitive strategy, improve brand positioning, maintaining innovation even increasing the price premium.

Additionally, packaging is also a fundamental part of business advertising, and most advertising campaigns involve packaging plans and designs. One of the most vital objectives for proper packaging and advertising is to promote the business in a positive and favourable ways consequently increase sales and profit respectively. As such, research shown

that up to 70% of buying decision is made at the shelf [2].

Today, the degree of effect of product packaging as a medium for influencing consumer buying decision is an issue that is globally revised and discussed. In Malaysia, the effectiveness of product packaging is very important among local SME (Small and Medium Enterprise) as the product packaging was found to influence the increasing sales return [3]. Similarly, as the opportunity is there for the taking, the main concern among the local SME is they lack of knowledge regarding consumer psychology thus making their products packaging less attractive in both local and global markets.

II. PROBLEM STATEMENT

Since SME is considered as a small and middle range enterprise, there are a lot of challenges from their peers and also from large corporations participating in niche markets once was a market for small businesses [4]. They need to able to have a good degree of influences in persuading consumers' to buy their products and one of the means is to have a good packaging.

In recent years, there have been statements of the needs to have good packaging among SMEs from the industry perspective. Table below shows quotations from experts in regards of having a subtle and proper packaging:

TABLE I
QUOTES ON THE IMPORTANCE OF PACKAGING [5]

QUOTES	
Meor Kamal Azhar Senior director SME Corp Malaysia	Majority of SMEs lack of basic knowledge including packaging. SMEs were said not being able to grow without this knowledge.
Arief Hakim Sani Managing Director PTS Media Group	Packaging is one of the factors that will influence the entry into a supermarket. It is impossible for them to enter hypermarket without this.
Hanim Samuri Deputy Minister Entrepreneurs' Development Division	All the SMEs were given the opportunity to promote and sell their product in hypermarket, but the main constraint is on their packaging that seems unable to compete with other products.

SME must overcome these challenges to ensure that they can survive up to the highest stage of enterprise growth. As most of the SME are competing in term of product differentiation; it might be good for another SME to consider about another factor such as packaging of the products. Increasing business competition, in particular against large and medium competitors put SMEs in a vulnerable position [6].

Moving to the Company A situation, there has been issue regarding its products packaging. Based on the interview with one of the company's manager, the idea behind the company's packaging was made solely by the company top management and it was translated into a product packaging by a third party company who later design and produced the packaging on behalf of the company. As the product is being sold to consumers, several complaints were received in regards of the

packaging. The colours are not vibrant enough and some of the packaging failed to function properly as they tear apart whenever the consumers tried to lift them. These issues have raised concerns about the needs to have new products' packaging by the company.

Therefore, four factors of product packaging are presented on how they influence consumers' buying decision. The factors are packaging design, packaging colour, packaging typography and packaging convenient of usage.

III. RESEARCH OBJECTIVES

1. To determine the packaging factors that influence consumers buying decision towards Company A's products.
2. To determine the most dominant factor that influence consumers' buying decision towards Company A's products.
3. To compare consumers' demographic profile towards consumers' buying decision in Company A's products.
4. To recommend strategies that can enhance Company A product packaging.

IV. LITERATURE REVIEW

A. Packaging Design

Packaging design can be defined as the planning and fashioning of a complete form of a product's package [7]. Design of a product packaging can be a complex influence by the business environment which is technological development, new materials availability, logistics requirements, environmental movements, change in consumer preferences and marketing perspective that all will be major influences towards the management decision on marketing strategy [8]. In any business efforts, marketing intensely relies on the visual communication of packaging to influence consumers for buying decision both on purchase spot and utilization position [9], [10] According to statistics, packaging design is so essential that it presently constituted a \$100 billion industry [9].

H1: There is significant relationship between packaging design and consumers' buying decision in Company A's products.

B. Packaging Colour

Packaging colour can be defined as visual measurement reflected by eye that is able to send subconscious messages in inspiring potential consumer to buy a product [11]. By using the right colour, a business unit can improve product's image and branding through visual medium. Thus, it is crucial for a business to understand their consumers' colour preferences in which best colours may be able to better shape product offerings as well as cutting manufacturing costs [12]. [13]. Pictures in colours may help in improving signal effectiveness in mental processes [9].

For example, in children product packaging there exist only three general colours of a product’s background preferences such as red, blue and brown. As the children grow up, their colour preferences will change from warm colours to cool colours [3]. Meanwhile, in another perspective, white and light colours symbolized products reasonable price and products’ accessibility [14]. The research conducted by them also confirmed that different colours do give different product’s positioning to the customers. Different cultures also perceive colours either similarly or differently.

H2: There is significant relationship between packaging colour and consumers’ buying decision in Company A’s products.

C. Packaging Typography

Packaging typography is related to design of typefaces and how it is presented to attain the anticipated visual effect as well as the best way to convey the reading matter [15]. Product typography is closely related on how a firm utilizes the right fonts for their packaging. For example, elegant products packaging always emphasize on using bold letter, expanded word characters, upper case and large Roman letter. Product that targeted upper class market with high prices has packaging that capitalizes on font characteristics to gain better market positioning [3]. Meanwhile, the lettering strategy for most accessible products will use serif font and a sans serif font. Product based on guarantee, patriotic and non-selective has no significant linked towards lettering used. As such, the product packaging does not have any defined typography [14]. Thus, a product packaging needs a proper attention towards font weight, width, shape and font family to ensure that any typography will be connected to the consumers.

H3: There is significant relationship between packaging typography and consumers’ buying decision in Company A’s products.

D. Packaging Convenient of Usage

Packaging convenient of usage can be defined as the mindset tied to grab-and-go features from a packaging used [16]. Although this independent variable does not directly related to the ingredients that are necessary for the product to function, it is offered as part of the buying and consuming process [14].

Research conducted by [17] found that packaging convenient of usage will affects consumer perceptions of the total product. The researchers investigated that bags of tidbits with polyvinyl packaging were extremely difficult to open that the customers were forced to destroy the package in the process. In addition, they also addressed the problems of having packaging shapes that may look additionally appealing but impractically cannot be stacked together in storage area.

Indeed, past research also shows that diverse product shapes is critical factor for achievement in marketplace [8]. In

addition, packaging made should be easy and safe to carry package and additionally should help consumers in storing to preserve the product quality and freshness over time. On the whole, a product packaging needs to be able to fulfill consumers’ usage convenience such as easy to open and re close packaging.

H4: There is significant relationship between packaging convenient of usage and consumers’ buying decision in Company A’s products.

E. Consumers’ Buying Decision

Consumers’ buying decision can be defined as series of selections or choices made by consumers before buying a product that starts once consumers have established the intention and willingness to buy [18]. After that, consumers will have to decide on how to acquire the product by knowing where to make the purchase, what kind of brand, size and model, how much to spend for the products or services and what kind method of payment that will be involved. Over the years, marketers are trying to find ways to influence consumers’ buying decision by giving them information that help to shape and alter their consumers’ evaluation processes.

On present situation, a business needs to highlight the importance of modern consumers’ sensitivity such as the level of income as well as changing consumers’ demand. This modern consumers’ sensitivity is the result of many factors such as change in consumers’ trends and socialization process. As such, environmental and marketing stimulus will affect the consumers’ consciousness which in turn influences their psychological process in decision making processes and purchase decisions [19]. The perceptions of how consumers see the product as competitive offerings will affect his or her buying decisions. As for this, effective packaging formula should be given proper attention to anticipate the demand for perceived value from the consumers [14]. This research is conducted based on how product packaging will influence consumers’ buying decision.

V. THEORETICAL FRAMEWORK

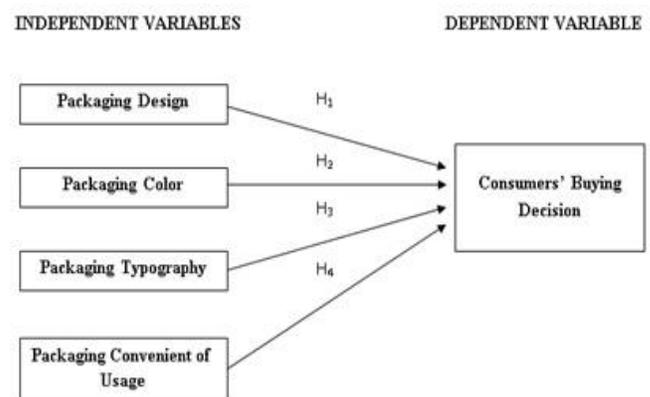


Fig.1 Theoretical Framework [3], [2].

VI. METHODOLOGY

This research used both primary and secondary data. Sources of primary data are through structured interview with a manager in Company A, 430 sets of distributed questionnaires and observation. Meanwhile, secondary data are gathered through past researches and articles. Analysis is carried out using SPSS Version 22 (SPSS 22). Reliability test was conducted to assess the reliability of the instrument. Pearson’s correlation and multiple regressions were conducted to measure the variables’ relationships. Meanwhile, T-test and One way ANOVA analysis were used to find any differences between demographic profile and consumers’ buying decision.

A. Structured Interview

Structured interview was conducted by researchers at Company A’s office with a manager who are in charge of product packaging. Seven listed questions are prepared beforehand to ensure all the desired data can be collected thoroughly within the research objectives.

B. Questionnaires

Questionnaires were self-administered and distributed to 430 consumers in Klang Valley via convenience sampling. The questionnaires consisted of total 32 questions each divided into three different sections intended to measure three relevant dimensions of consumers’ buying decisions. The first section consists of demographic characteristics. The second part was meant to measure the factors of Company A product packaging. The third part was intended to measure the influence of packaging factors on consumers’ buying decisions. The constructs were measured using a five-point Likert scale running from strongly disagree up to strongly agree with 1 representing strongly disagree to 5 representing strongly agree. Questionnaire returned are 407 at 95% confidence interval since it passes the minimum required sample size [22].

VII. RESULTS AND DISCUSSIONS

The Cronbach’s Alpha value for packaging design (0.922), packaging colour (0.928), packaging typography (0.930), packaging convenient of usage (0.915) and consumers’ buying decision (0.937). These alphas values indicate excellent reliability. Compared to past study by, the data of variables is moderately reliable with the value of Cronbach’s Alpha of 0.727 [22].

A. Pearson’s Correlation

TABLE II
PEARSON’S CORRELATION

		Consumers' Buying Decision
Packaging Design	Pearson Correlation Sig. (2-tailed) N	0.838** 0 407
Packaging Colour		0.816** 0 407
Packaging Typography		0.879** 0 407
Packaging Convenient of Usage		0.866** 0 407

Table II indicates that there is positive and high relationship between all the packaging factors and consumers’ buying decision of Company A product since it was found that all the factors have correlation value above (0.8**). Therefore, all the hypotheses are accepted. These shown that all the factors are important and each should be given proper attention when designing a packaging.

B. Model Summary and Coefficients

The adjusted R square value is 0.819 which indicates that 81.9% of the factors are explained by the four factors; packaging design, packaging colour, packaging typography and packaging convenient of usage while another 18.1% is due to the other factors. This is supported by the growing conscious of people nowadays who wants better value of a product. People nowadays become more demanding and expecting more critical elements on the packaging to delivered the intended message through the packaging [2]. The packaging variables will directly influence consumers towards having different perceptions [14].

TABLE III
MULTIPLE REGRESSIONS

Model	Standardize d Coefficients	t	Sig.
	Beta		
Constant		5.022	0.000
Packaging Design	0.183	3.464	0.001
Packaging Colour	-0.03	-0.563	0.574
Packaging Typography	0.399	6.717	0.000
Packaging Usage	0.393	8.836	0.000

In determining the most dominant factor, the standardized coefficients of Beta value is measured. Based on Table III above, it was found that packaging typography is significant at Beta value of 0.399 followed closely by packaging convenient of usage which has a very close value of 0.393. This indicates that typeface and font used on the packaging is very important and proper attention should be given. Previous research also indicates that typography proved to bring vital values in affecting the packaging effectiveness [3].

C. T-test and One way ANOVA

In finding the differences in demographic profile towards consumers' buying decision, T-test and One way ANOVA are used. Results show that different gender; male and female are significantly different in terms of consumers' buying decision since its significant value is below than 0.05 ($p < 0.05$) with F-value of 7.066. This is supported by previous research which found that differences in demographic profile especially gender tend to result in different intention towards buying decision in terms of colour combinations which further explained that men were said are more towards single tone colour such as black, white and gray while women will respond more towards combinations of red and blue [23]. As for the One way ANOVA test, results indicates that only ethnic and highest education level shows the significant value of 0.000 and 0.037 with F-value of 9.775 and 2.395 respectively. Family size is the most insignificant variable with highest significant value; 0.654.

VIII. CONCLUSION

This research gave an insight regarding the effectiveness of product packaging towards consumers' buying decision towards Company A's products. To measure the effectiveness, four aspects of products' packaging referred to the actual products' packaging are measured towards the consumers' buying decision. The study has collected feedbacks from the consumers' point of view. It was found that there exists a growing conscious from the consumers' end. The demand to have a better packaging is growing and packaging function has progressively shown its critical role in attracting consumers' to buy the product. Company A should be attentive enough in its product packaging aspect as it can be a strategic tool to portray a good first impression of the product to consumers.

IX. RECOMMENDATIONS

Based on the overall findings from this research, there are three recommendations that Company A can opt. The first one is to collaborate with more parties for packaging design and production. Since Company A solely depends on for its packaging design and production, the option for a good packaging is very limited. Thus, it is essential for the company to look for more potential parties to collaborate in this area in

order to find the best alternatives

Second is to improve its overall packaging attributes. From this research study, it was found that packaging typography is the most significant variables that influence consumers' buying decision. This shows that, consumers are now aware about the information and label from the packaging. This is probably due to the consumer behavior towards food packaging trends in recent years where they are more aware about the ingredients contains in the food product. In addition, food that comes in packaged forms has become an essential component of the modern lifestyle. This is due to the greater demand for convenient, portable, easy-to-prepare meal solutions that lessen the hassles of grocery shopping and preparing a meal.

Third recommendation is Company A should strive for packaging accreditation. The accreditation from established and authorized bodies is important to gain consumers interest towards the product. Company A is currently has only one accreditation; Halal from JAKIM. However, it is only for the product instead of both product and packaging. Unlike the other common frozen food provider, the company should put an effort in ensuring that the material used for products' packaging is safe to be used for a long term without affecting the quality of product as well as the users itself packaging is above average standard. These initiatives will allow the product to be accepted worldwide. Besides gaining the confidence of existing consumers about the products that will increase their loyalty, the accreditation also might attract more potential consumers.

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