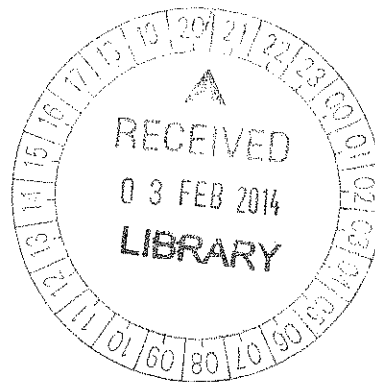


INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

PACKAGING INFLUENCES TOWARDS CONSUMERS' PURCHASING DECISION

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Abstract

This paper is to investigate the effect of packaging influences towards the consumers' purchasing decision. As the environment is changing and the quality of lifestyle is improving, consumers tend to purchase products not only based on the basic requirements but they also look into the packaging of the products. Companies in the industry need to take into more considerations when producing products such as the aspects of packaging of the products, they need to put more effort on designing the packaging of the products besides just focusing only on the quality of the products itself in order to attract more consumers' attention. Packaging of the products could play greater role than just the basic function of itself.

There are a few of research being done in this area showed that packaging is not just functioning merely as the container of the products but it also plays an important part in affecting the consumers' purchasing decision. It could help in providing differentiation between other similar products on the shelf and enhance the purchasing decisions of consumers through the different appealing of packaging design. This paper will look into the aspects of packaging such as the visual impact or attractiveness of the products, type of packaging material, front-of-pack labeling and nutrition information of the products and the brand name or popularity of the products and determine the influential effect of these aspects towards the consumers' purchasing decisions. Quantitative survey will be conducted on the areas such as Kuala Lumpur and Selangor with the sample size of 200. Data being collected will be analyzed through software of SPSS version 17.

Chapter 1

1.1 Introduction

Companies in the industry are competing more aggressively in order to gain more market share and higher consumers' retention. Companies have applied different marketing strategies to attract more consumers' attention. Several methods had been employed by companies in the industry such as providing discounts, sales promotion, free gifts and others to achieve competitive advantage. Some of the companies had been introducing products that are pack with unique packaging style to gain the attention of consumers.

Traditionally, the function of packaging is being use as the protector or container of the product during the process such as delivering, storing, selling, and others. As the quality lifestyle of consumers is improving and the environment is changing, the satisfaction levels of consumers tend to be increasing. Consumers are demanding and consuming more than before.

Consumers are classified into two categories. They are 'personal consumers' and 'institutional consumers'. Personal consumers are those individuals and households who themselves consumer goods or services. Institutional consumers on the other hand are business, organizations and groups that buy and consume goods and services during the course of their operations.

Consumer behavior may be defined as "the decision process and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services". (Sivakumar, 2008).

Packaging is no longer only being use as the container of the products nowadays. Packaging has been utilized as part of the promotion tools by industries in the competitive business world to attract more consumers. Consumer are considering not just only on the quality of the products when making purchasing decision but they also look into the issues such as the packaging of the products. The consumers' attention could be attracted to particular brand through package of the product. It could also strengthen the image and influence the consumers' perception of the product. (Rundh, 2005). Thus, the general objective of the research is to study which features of

packaging has the most influential effect on the purchasing decision of consumers.

Besides that, the quality of life includes the personal advances, access and freedom to pursue knowledge, a healthy lifestyle and others. It also includes attaining the living standard that surpasses the basic and psychological needs of individuals according to the Economic Planning Unit in Malaysia. (Lazim, Osman, 2009). Malaysia had been recorded improvement in quality of life index towards the years. The preferences of consumers regarding purchasing certain products may be different compared to previous time. According to the research of (Cho, Cho, Kim, 2005), it stated that the consumers might change their buying behaviour from time to time being. The improvement of quality of life shows that consumers are getting more conscious regarding their health when deciding to purchase certain products. A front-of-pack logo in addition to the traditional numerical nutrition fact box on the back of the pack may be more effective in helping consumers to make a healthy choice than back-of-pack nutritional information alone. (Scott, Worsley, 1994). Consumers show most the interest with front-of-pack nutrition labels contains typically salt, sugar, saturated fat and total fat. (Balasubramanian, Cole, 2002).

Consumers usually get the information regarding the products through the information provided on the packaging. It reduces the uncertainty perceptions of consumers through the products. There are some products which the packaging is transparent and it provides a clear view for the consumers to evaluate the products inside before purchasing it. Consumers are usually attracted by products' packaging which is unique and different from others. Consumers that are interest will pick up the products and have a look on it or just touching it. It shows that the packaging of products is one of the important elements on affecting the purchasing decision of the consumers. Products' packaging helps to communicate with the consumers and deliver the adequate value of products to the consumers.

The Hierarchy of Need model was developed by Abraham Maslow in the year of 1943. The model is being frequently used in a number of ways particularly in

functions that deal with people in the business world. (Thompson, 2011). There are five levels of needs included in the Maslow's Hierarchy of Needs. The first level is the physiological needs and follows by the level of safety needs. The third level is the social needs and the fourth level is the esteem needs. The fifth level of the model would be the self-actualization. Maslow's Hierarchy of Needs is linked with the consumer motivation. According to this model, there are different levels of importance in motivational drivers. The lower-level of needs must be met by an individual before being motivated to fulfill higher-level needs. (Bown-Wilson, 2012).

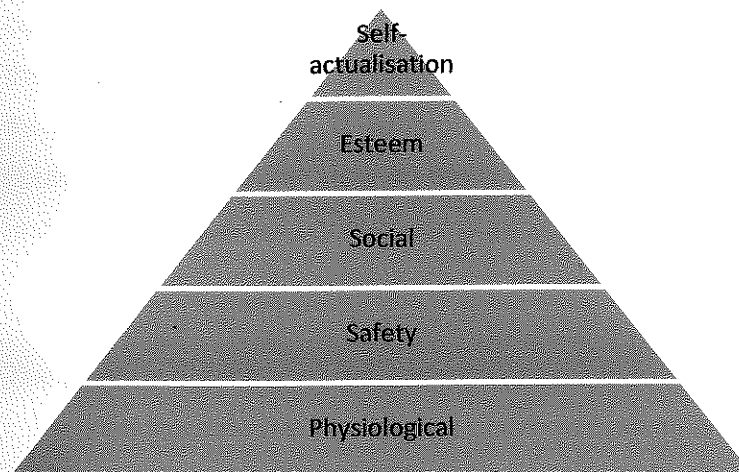


Figure 1.1: Hierarchy of needs

Source: (Author, 2012)

This paper will look into the market of Malaysia as it is a developing country. As the quality of lifestyle at Malaysia is improving throughout the years, consumers tend to purchase products not only just based on the basic needs requirement but also the packaging of the product. According to the news statement, the quality of life in Malaysia has improved during the 2000 to 2010 period. The Malaysian Quality of Life Index (MQLI) had a gained of 11.9 points from the base year of 2000 and the current points for the year of 2010 would be 111.9. According to the MQLI 2011 report, it states that other components being measured such as the culture and leisure, health, social participation, environment, income and distribution, family life, public safety and working

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conditions were also achieved increment. (Anon, 2012). Thus, we could state that the consumers of Malaysia market are moving forward to another level of needs after fulfilling the basic levels of needs such as the physiological, safety, social and others according to the Hierarchy of Needs model. The satisfaction level of the consumers is changing and they may demand more.

Although there are others research being done on this area such as (Koutsimanis, et.al, 2012) and (Ares, Deliza, 2010) in the recent years, the study are not focusing in the market of Malaysia. There is limited research being done at this area in the market of Malaysia. The market of Malaysia and consumers' purchasing behaviour might be different from other countries. Thus, the research being done at other countries may not be appropriate to describe the market of Malaysia. It is important to conduct this study in Malaysia as it could provide a clearer view on the condition of Malaysia market and better understanding on the consumers' purchasing behaviours.

1.2 Problem Definition

The general objective of this research paper is to study the packaging influences towards the purchasing decision making by the consumers on products at the point of sale. The factors being identified that may contribute to the influences of packaging such as the visual impact or attractiveness on products, the type of packaging material, the front-of-pack labelling and nutrition information on products and the brand name or popularity of the products. The key concept that will be used in this research is the AIDA model. There are four stages included in this model which stands for attention, interest, desire and action. (LaPlaca, 1997). The first stage is the attention phase where it attracts the attention of consumers. It is usually through the unique design, pricing and marketing of the products. The second stage follow by the interest phase where it states that interest could create desire for consumers and consumers are interested to find out more on the products. The third stage would be the desire phase. It stimulates the intention of consumers to purchase the products. Desire will become greater after the consumers compare the products with other resources. The fourth stage is the action phase that comes after the previous

three phase where the consumers purchase the products which fulfil their satisfaction.

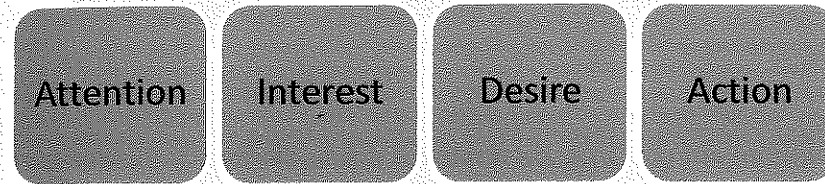


Figure 1.2: AIDA model

Source: (Author, 2012)

Since Malaysia is a developing country, the quality lifestyle of the nation is improving throughout the years. The satisfaction level of the consumers in Malaysia maybe changing and they adapt more as the environmental is changing. According to the report done by (Worldwatch Institute, 2012), it shows that consumers are consuming more as the quality of lifestyle improved. This study highlighted the important issues on conducting the research as it could help in determining which factors in packaging has the most influential effect on the purchasing decision of consumers. As in this study, the factors that will be researching are the visual impact or attractiveness of the products, type of packaging material, front-of-pack labelling and nutrition information of products and brand name or popularity of the products. As the packaging methods are evolving throughout the years, consumers in Malaysia may be demanding more. Besides that, the result of this study could be useful in providing better guidelines for industries in producing packaging in order to attract more consumers.

As Malaysia is a developing country, it could provide a platform to help other developing countries to improve their market through conducting this study. The quantitative survey will be conducted in this study could provide a statistical

insight rather than discussion based survey for the viewer. However, there are areas that are not cover in this study such as the level of involvement and time pressure that influence the consumer purchasing decision which could be found on (Kuvykaite, Dovaliene, Navickiene, 2009). Other variables that are not being discussed on this study also include purchase complexity level and individual interests in purchase from (Estiri, et al, 2010).

1.3 Research Objectives

The overall objectives of the research are to study the influences of packaging towards the decision making of consumers on purchasing products in the market of Malaysia. The research will be including the areas such as:

RO1.) To determine which factors of packaging exert influential effect towards the purchasing decision of consumers.

RO2.) To determine which factors of packaging have the most influential effect towards the purchasing decision of consumers.

1.4 Significance of the Study

This research could be contributed to several sectors of the country such as government departments, industry sectors and academia sectors. The data collected from the research could help these sectors to improve the knowledge and better understanding from the aspects of the consumers' purchasing behaviour and the impact of packaging on it.

The study could provide useful information for the government departments for example the tourism department of Malaysia. Tourism department of Malaysia could further improve themselves and fulfil the requirements of consumers. It could help Malaysia government to attract more consumers as they understand more about factors that influenced the purchasing decisions of consumers. It is especially during the event of 1Malaysia Mega Sale Carnival where the government try to attract more consumers to spend on the market of Malaysia. The higher spending of consumers could lead to a higher gain on economic improvement of the country.

The study on the influence of packaging on consumers purchasing decision is vital as it helps the industries to become more understanding on the issues that affect the decision making of consumers when purchasing certain products. It could provide better guidelines for industries to improve and promote their products to the consumers. The study also provide a clearer view for industries in the market to understand the features of packaging that influence the purchasing decisions of consumers. Hence, industries could design their products that cater to the demand of consumers and gain higher consumers' attraction and retention. It could helps industries to increased the sales and improve the margin profit.

The study could also provide vital knowledge and information for the academia sector. It could provide some useful guidance for further research on the area of packaging influences on consumers' purchasing decision. It could also help the academia sector to have a better understanding on the packaging features that influence the consumers' purchasing decisions. Academia sector could have clearer view on the process of purchasing decisions making by the consumers.

The future research of the study could focus on other areas that might affect the purchasing decisions of consumers. For example, the influences of television commercials and print advertisements conducted by the study of (Rettie, Brewer, 2000) found that these elements might influence the buying decisions of consumers. Other approach which covers the variables such as purchase complexity level and individual interests in purchase could be included as these variables can influence purchase behaviour in different stages. (Estiri, et al, 2010).

1.5 Limitations of the Study

There are several limitations that will be facing when conducting the research. The key limitations that will be face by the research are the sample size and the geographic locations. The survey is conducted based on Kuala Lumpur and Selangor areas. The sample size needs to be collected at two different locations within time constraints. The sample size being collected also might not accurately represent the actual figure of the areas. Besides that, the unit of

analysis might affect the result of the research maybe due to incorrect information being provided by respondents. Incorrect information could mislead the results that will be presented. The technique of analysis being applied might not be accurately to present the actual results of the research. However, the results from the survey could be more precise if longer duration of time being provided to get more respondents and generate more precise analysis.

1.6 Scope of the Study

This study will be conducting a research on the packaging that influences towards the consumers' purchasing decision in the market of Malaysia. The scope of study will be focusing on the areas of Kuala Lumpur and Selangor as Kuala Lumpur is the capital city of the country. These areas have the high concentration of populations. Unit of analysis will be focusing on consumers aged 18 and above as they are the groups who possessed the purchasing power. A number of 200 questionnaires will be distributed to respondents and being collected back immediately after the respondents have filled in the information. The data that have been collected will be analyzed through SPSS version 17 software. Regression tests, reliability test and validity test will be using to analyze the data being collected from the survey.

1.7 Operational Definitions

Packaging is all the activities that produce and design the container for a product. (Kotler, 1999).

Packaging elements are more related to the affective side of decision-making. It is consist of size, graphic and shape of packaging (Silayoi, Speece, 2004).

Front-of-pack labelling and nutrition information is the policy tool to ensure the provision of nutrition and health information to consumers. (Kim, Nayga, Capps, 2001).

Visual impact of products is a designing container to help the product reaches the consumers without tempering, contamination or adulteration. (Bhattacharjee, Bhattacharjee, 2005).

Brand name of products could be an important variable that provide guidance for the consumers when making the purchasing decision. (Khasawneh, Hasouneh, 2010).

Chapter 2

2. Literature Review

According to the hierarchy of needs model being developed by Abraham Maslow, the five levels of needs are defined as the physiological needs; safety needs; social needs; esteem needs; and self-actualization. The model states that a person must fulfill the demand on the first stage before moving to the second stage. Since Malaysia is a developing country, the quality lifestyles of consumers are improving and the demand are increasing. Packaging of products does not just serve as the container but it also plays a vital role on attracting consumers' attention. Consumers are paying more attention on the packaging of the products besides the basic needs for the quality of products. Packaging of the products is the first contact to the consumers and it could help to deliver the message of the products to the consumers. It could also differentiate the product from other similar products on the same shelf. Consumers are demanding more and packaging could serve as one of the major player on influencing the purchasing decision of consumers.

This paper of work is to investigate the factors of packaging on how it influences the purchasing decision of consumers. The key concept of AIDA will be applying in this study which stands for attraction, interest, desire and action. AIDA concept describes the essential elements that must be included in order to attract the consumers' purchasing intention (LaPlaca, 1997). The research also involves the nutrition information and the front-of-pack labelling on the products that might affect the purchasing decision of the consumers. In this paper, several different of packaging features will be used with the intention to study the relationship between the influential effect of each packaging features and the consumer purchasing behaviour. Consumers will be distributed with questionnaire that consists of different packaging features and to record down the score on whether it will affect the purchasing decisions of them.