

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

STUDY ON PACKAGING ELEMENTS THAT AFFECT CONSUMER PURCHASE DECISIONS OF BODY WASH PRODUCTS IN KLANG VALLEY, MALAYSIA

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ABSTRACT

Packaging plays an important role in today's competitive market as a means of attracting consumer attention, due to the growth of self-service retail and other changes in consumer buying patterns. The main objective of this thesis is to examine packaging elements that can influence consumer purchase decisions of body wash products in the Klang Valley, Malaysia, in order to have a better understanding of which packaging elements primarily affect shoppers' purchasing judgements.

To pursue these objectives, the authors developed a research framework for packaging which divides the main objective into two sub-objectives. The first of these seeks to determine the influence of visual packaging elements on consumer purchase decisions, while the second focuses on the influence of informational packaging elements on such decisions. Independent variables like graphics and colour, shape and size are categorized under visual elements, while informational elements include product information and technology image.

The study adopts a descriptive research design methodology. Data was collected through survey questionnaires from 385 respondents selected at random. The data analytical methods used in this thesis are descriptive analysis, reliability analysis and multiple regression analysis. A descriptive analysis analyzes the respondents' demographic profile and consumer perceptions of packaging. A reliability test was then carried out to check for consistency based on the average correlation between variables. Finally, a multiple regression analysis seeks to identify the relationship between consumer purchase decisions and two independent variables, namely visual elements and informational elements.

This research confirms that packaging elements can have an important influence on consumer purchase decisions of body wash products. Its findings further show that informational elements are more likely to influence consumers in their purchase decisions than visual elements.

KEYWORDS:

Packaging, body wash products, consumer purchase decisions, visual elements, Informational elements

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LAI WUN YEN (JACELYN)

APRIL 2014

DECLARATION

I hereby declare that this project work entitled "Study on packaging elements that affect consumer purchase decision of body wash products in Klang Valley, Malaysia" submitted to the INTI INTERNATIONAL UNIVERSITY is of my own effort except for the information that has been used from various authors that have been cited accordingly and ethically.

7th April 2014

Lai Wun Yen

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CHAPTER 1: INTRODUCTION

1.0 CHAPTER SUMMARY

In this chapter, the researcher will first introduce the area of interest, namely the study of packaging elements that affect consumer purchase decisions of body wash products in the Klang Valley, Malaysia. Thereafter, the problem statement will be discussed in depth. The final part of this chapter will present the purpose of the study; the research objectives and research questions; the importance of the study; the limitations and scope of the study; and finally definitions of key terms and an overall outline of the thesis.

1.1 RESEARCH BACKGROUND

Packaging plays a vital role in contemporary competitive markets as a means of attracting consumer attention, due to the growth in self-service retail transactions and other changes in consumer buying patterns. With self-service retailing, packaging has to play a role at the point of sale as “salesman on the shelf” and as a brand communication vehicle (Rettie and Brewer, 2000). Similar products of different brands but similar features compete on the shelves to attract attention, with only a limited relationship or interaction between the seller and the consumer making the final buying decision. Sometimes, packaging can do more than a promoter to promote the product to the end user, because proper packaging generally provides consumers with complete information. This is because people in different situations sometimes have different behavioral and emotional reactions when making a purchase decision (Wells et al., 2007).

According to Rundh (2013), around 73% of buying decisions take place at the point of sale, because the consumer has not thought much if at all about the brand before entering the store to purchase goods. Moreover, the average time consumers spend in looking at a product is about seventeen seconds (Koller, 2008). Therefore, to be noticed on supermarket shelves, a package must be attractive enough to grab consumer attention quickly. This is why

there are many different designs of packages on supermarket shelves (Vidales, 1995).

The term personal grooming refers both to a person's physical appearance and their personal hygiene. Personal grooming is a basic, virtually indispensable skill in modern society. Nowadays, people increasingly associate a healthy life with personal grooming, a good appearance and self-confidence.

With aggressive product branding and increasing health awareness, consumers also spend a substantial amount of money to keep their looks good and maintain personal hygiene. Research done by Mintel found that the beauty and personal care FMCG (fast-moving consumer goods) market in Asia is expected to reach MYR 516.4 billion in 2017 (Mintel, 2014). In Malaysia, rapid urbanization has led to strong demand for skin care products for men and women. Growing disposable incomes and stronger consumer purchasing confidence have led to strong demand for body wash products, which are not considered a luxury but a basic daily item in every urban household. This makes such products a source of profitable growth opportunities for players in the industry.

	Units	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Value	m MYR	369.1	377.6	388.7	400.4	415.0	431.4	439.4	453.1	470.6	487.0	501.1	516.4
Value growth	%		2.3	2.9	3.0	3.6	4.0	1.9	3.1	3.9	3.5	2.9	3.1

Figure 1: Forecast of Retail Sales of Soap, Bath & Shower Products (Malaysia)

Source: Mintel, 2014

1.2 PROBLEM STATEMENT

When given the choice of two products with similar price and functionality, consumers will generally purchase the product which looks more eye-catching (Kotler and Rath, cited in Abdalkrim and Al-Hrezat, 2013). Packaging has gradually become an important means of attracting end users' attention. Nowadays, almost all goods need packaging at some stage of their production and/or distribution. Indeed, decisions on packaging generally need to be thought about in the early stages of marketing strategies, and form an important part of most marketing plans (Panwar, 2004). At the synthesis stage, the packaging is usually an important factor in deciding whether a product is a success or failure in the market.

Most fast-moving consumer goods are considered low involvement products, because customers who buy them tend not to research product information or make weighty decisions on which brand to purchase (Koller, 2008). Brand loyalty towards body wash products is usually quite weak. Hence, consumers will buy the brand which meets their needs, and will temporarily feel "satisfied" with the product that they bought. Since purchasers are not very committed to a particular brand, they will moreover substitute easily or replace it with another brand if the brand they usually buy is not available on the shelf.

Given the variety of products available, packaging needs to stand out on the product rack if it is to influence the purchase intentions of the consumer. The package design must be accepted by the consumer. However, the issue is complicated because the trends in consumer decision making cannot be readily identified, and there is no agreement among researchers on which packaging attributes most influence consumer purchasing judgements. A number of scholars have sought to examine every single probable element of packaging and their impact on end users' purchasing judgements (Silayoi and Speece, 2007), at the same time as others have focused on only some elements of packaging (Vila and Ampuero, 2007). While some consumers pay attention to a product's ingredients and hence to the package information,

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customers nowadays generally do not spend much time buying body wash products.

According to Mintel (2014), consumer purchases of body wash products in liquid form increased from MYR 268.7 million to MYR 285.6 million from 2011 to 2012. In contrast, sales of bar soap dropped by MYR8.9 million in the same period. This suggests that Malaysians are slowly switching from solid bar soaps to liquid body washes. For the many Malaysians with busy lifestyles and little spare time, liquid soap is more convenient than bar soap (Euromonitor, 2014).

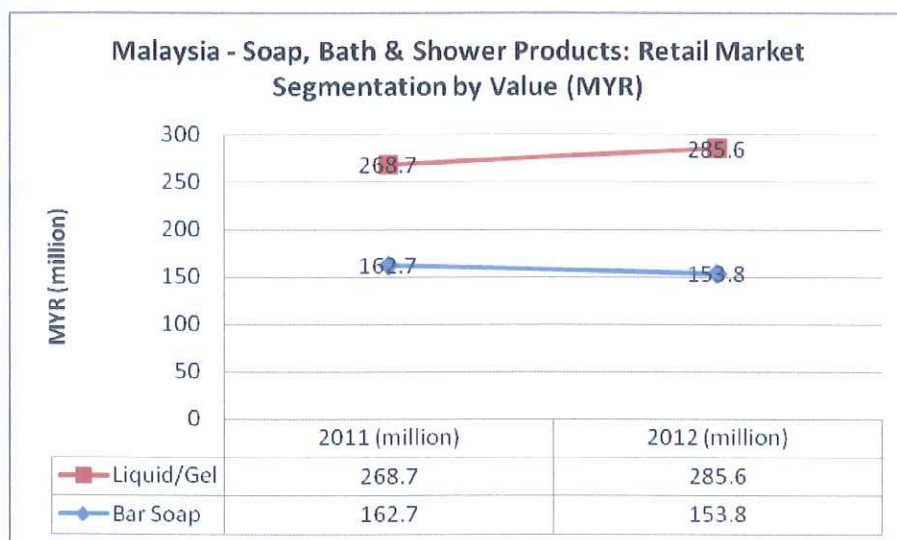


Table 1: Malaysia – Soap, Bath & Shower Products: Retail market segmentation by value (in MYR)

Source: Mintel, 2014

Given this growing market for liquid soaps and body washes, finding out in more detail which packaging elements have the most influence on customer purchasing judgements is of obvious value. This study therefore looks at packaging elements, both visual and informational, that can affect consumer purchase decisions of body wash products in the Klang Valley – an area in which there has been little local study. The results of this study could be