



## A STUDY ON CREATING VALUE TO CUSTOMERS THROUGH PACKAGING AND ITS IMPACT

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### **Abstract**

The main objective of this research is to understand importance of packaging and packaging elements in influencing customer buying behaviour. In addition, we will look upon the importance of advertising and packaging in the promotion of a product. This paper majorly concentrate on primary data, which will be collected through online, and few information collected from secondary source.

### **Introduction**

#### **Customer Value Creation**

Customers, employees and investors and that the interest of these three groups are inextricably linked. Therefore, sustainable value cannot be created for one group unless it is created for all of them. The first focus should be on creating value for the customer, but this cannot be achieved unless the right employees are selected, developed, and rewarded, and unless investors receive consistently attractive returns.

What do we mean by value creation? For the *customer*, it entails making products and providing services that customers find consistently useful. In today's economy, such value creation is based typically on product and process innovation and on understanding unique customer needs with ever-increasing speed and precision. But companies can innovate and deliver outstanding service only if they tap the commitment, energy, and imagination of their *employees*. Value must therefore be created for those employees in order to motivate and enable them. Value for employees includes being treated respectfully and being involved in decision-making. Employees also value meaningful work; excellent compensation opportunities; and continued training and development. Creating value for *investors* means delivering consistently high returns on their capital. This generally requires both strong revenue growth and attractive profit margins. These, in turn, can be achieved only if a company delivers sustained value for customers.

If the purpose of business is value creation, it follows that the mission of any company should be defined in terms of its primary value-adding activities. Simply put, Honda should think of itself primarily as a maker and marketer of quality automobiles. McDonald's should think of itself as providing meals of consistent quality throughout the world, in a clean, friendly atmosphere, etc.

While this may seem obvious, many managers and strategists behave as though the day-to-day business of a firm is irrelevant. Hence, an oil company might buy a hotel chain, while a national chain of automobile service centres is caught systematically charging customers for unnecessary repairs. What conception of business lies behind these actions? Typically, it is a very narrow definition of purpose: "to maximize the wealth of the shareholders," or to achieve a set of short-term financial goals.

Managers are expected to address shareholder wealth, earnings growth, and return on assets, but the most successful firms understand that those measures should not be the primary targets of strategic management. Achieving attractive financial performance is the reward for having aimed at (and hit) the real target; i.e., maximizing the value created for the primary constituents of the firm.

Paradoxically, it is when an organization thinks of itself as a financial engine whose purpose is to generate attractive financial returns that the company is least likely to maximize those returns in the long run. Often, finance people end up shuffling a portfolio of assets in a self-destructive quest for "growth businesses" or "superior returns," with no real understanding of the value-creation dynamics of the businesses they are acquiring



and selling. On the other hand, as with the automotive service chain, attempts to profit without delivering superior value end in lost business, long-term customer alienation, and corporate disgrace.

**Packaging**

Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Packaging contains, protects, preserves, transports, informs, and sells.

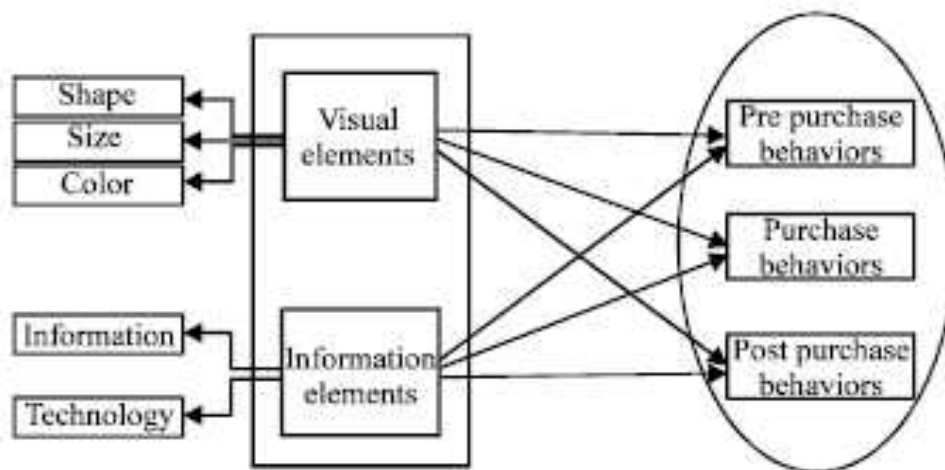
The various functions of packaging are

<b>Primary functions</b>	
▪	<i>Protective function:</i> The protective function of packaging essentially involves protecting the contents from the environment and vice versa
▪	<i>Storage function:</i> The packaging materials and packaging containers required for producing packages must be stored in many different locations both before packaging of the goods and once the package contents have been used. Packaging must thus also fulfil a storage function.
▪	<i>Loading and transport function:</i> Convenient goods handling entails designing transport packaging in such a manner that it may be held, lifted, moved, set down and stowed easily, efficiently and safely. Packaging thus has a crucial impact on the efficiency of transport, handling and storage of goods.
<b>Secondary functions</b>	
▪	<i>Sales function:</i> The purpose of the sales function of a package is to enable or promote the sales process and to make it more efficient.
▪	<i>Promotional function:</i> Promotional material placed on the packaging is intended to attract the potential purchaser's attention and to have a positive impact upon the purchasing decision.
▪	<i>Service function:</i> The various items of information printed on packaging provide the consumer with details about the contents and use of the particular product.
▪	<i>Guarantee function:</i> By supplying an undamaged and unblemished package, the manufacturer guarantees that the details on the packaging correspond to the contents. The packaging is therefore the basis for branded goods, consumer protection and product liability.
<b>Tertiary functions</b>	
▪	<i>Additional function</i> The additional function in particular relates to the extent to which the packaging materials or packaging containers may be reused once the package contents have been used.



### Packaging elements

Packaging elements influence consumer behaviour during the different stages of purchase decision.



### Advertising and packaging

Most consumers judge a product by its packaging before buying. Therefore, we can say that attractive packaging plays a crucial role in getting the first time buyers to buy the products. Having attractive packaging does not mean the quality of the product should be neglected.

Advertising opens the conversation with consumers and gets them interested but packaging has to close the deal. Packaging has a better reach than advertising does, and can set a brand apart from its competitors. It promotes and reinforces the purchase decision not only at the point of purchase, but also every time the product is used. Aspects such as packaging colour, typography, illustrations and graphics can influence how a product is perceived.

Packaging and labelling has a better reach than advertising does, and can set a brand apart from its competitors. It promotes and reinforces the purchase decision not only at the point of purchase, but also every time the product is used.



### Importance of packaging in different industries

Tobacco packaging has become the key promotional vehicle for the tobacco industry to interest smokers and potential smokers in tobacco products. Cosmetics companies have been criticised for making pseudoscientific claims about their products which are misleading or not backed by science. Size, shape, foils, handles, labelling, storage and recycling should be considered to make the perfect packaging for pesticides.

An ideal label will cause consumers to make the same purchase that they would make if they had all relevant information, while an inferior label will induce a consumer to purchase a product he would not purchase if more information were available or to forgo purchasing a product that would have yielded positive consumer surplus.

There is a growth of nutraceutical niche of the labelling industry in the market which is also driven by innovations in technology and communication. Inclusion of a nutrition information panel on each food label should become a national policy. The largest consumer segment, one-third of consumers, favoured environmentally labelled packaging as the most important criteria in their choice. The findings emphasize the increasing importance of ethical and environmental dimension in product choices. The research shows that despite good intentions, consumers' understanding of packaging materials and labelling for common products, and therefore resulting sorting behaviour, is often very poor. There are new labelling requirements for food allergens, gluten sources, and sulphites in pre-packaged foods.

### Objectives of the study

- To find out whether packaging and packaging elements influence customer buying behaviour.
- To find out if packaging enhances promotion of a product.
- To find out if packaging helps in creating a brand perception.

### Research methodology

Secondary research: Main source of secondary research was the internet

Primary Research:

Survey method: Conducted an Electronic survey (Email)

Sample size: 103 samples

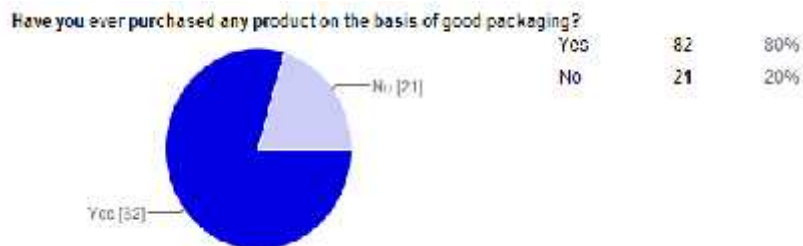
### Specification of hypothesis

- H0: Packaging and packaging elements do not influence customer buying behaviour  
 H1: Packaging and packaging elements influence customer buying behaviour
- H0: Packaging of a product does not enhance promotion  
 H1: Packaging of a product enhances promotion
- H0: Packaging of a product does not help in creating a brand perception  
 H1: Packaging of a product helps in creating a brand perception

### Data Analysis and Discussions

- H0: Packaging and packaging elements do not influence customer buying behaviour  
 H1: Packaging and packaging elements influence customer buying behaviour

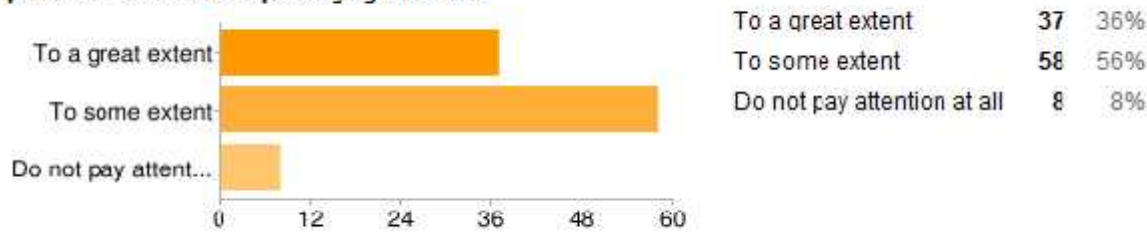
1)



**80% of the sample has purchased a product on the basis of good packaging**



Do you pay attention to packaging elements( like shape,size,color etc) when buying a particular product? - Attention to packaging elements



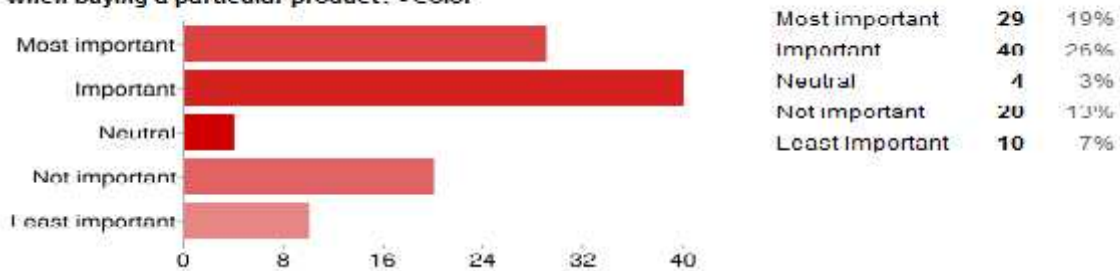
2)92% of the sample has a positive response to the packaging elements

Do you give importance to the visual aesthetics of a package when buying a particular product?



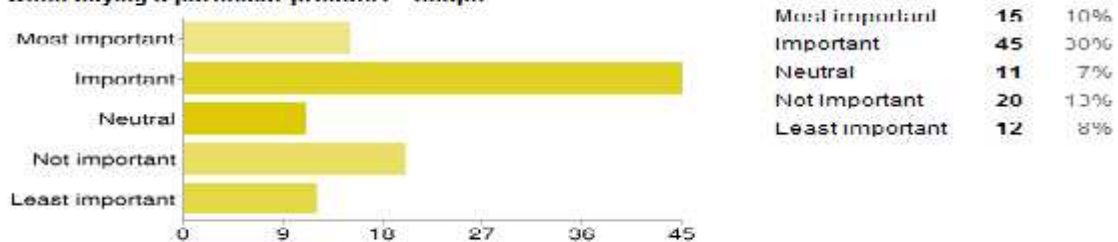
3)47%% of the sample give importance to the visual aesthetics of a package when buying a particular product

What is the degree of importance you give to different visual aesthetic elements of a package when buying a particular product? - Color



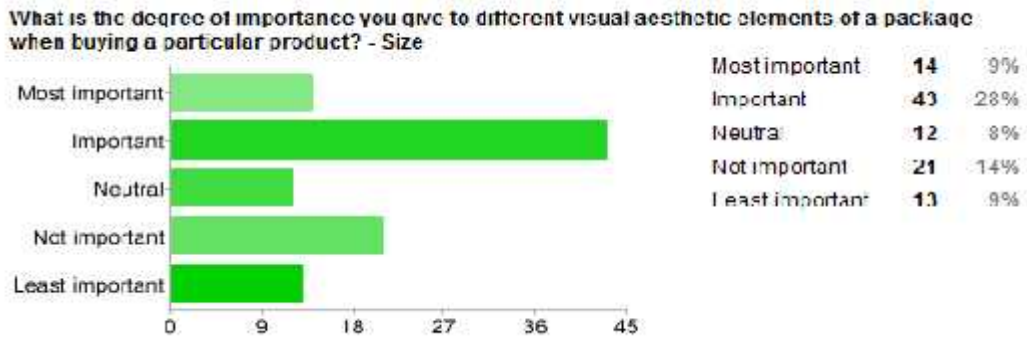
4)67% of the sample has a positive response to the visual aesthetic(Color) of a package when compared to 29% of the sample who do not.

What is the degree of importance you give to different visual aesthetic elements of a package when buying a particular product? - Shape

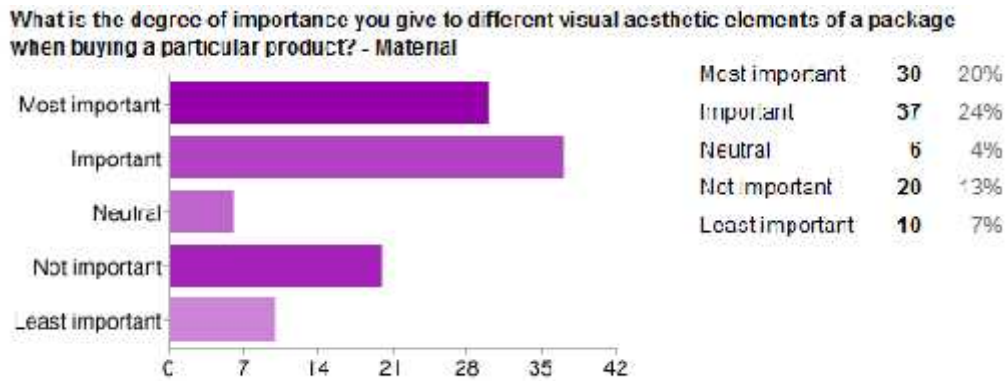




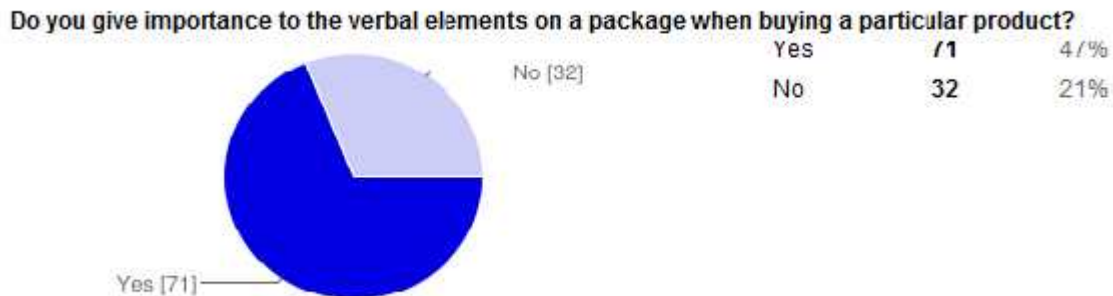
5) 59% of the sample has a positive response to the visual aesthetic (shape) of a package (when compared to the 30% of the sample who do not).



6) 56% of the sample has a positive response to the visual aesthetic (size) element of a package when compared to 32% of the sample who do not.



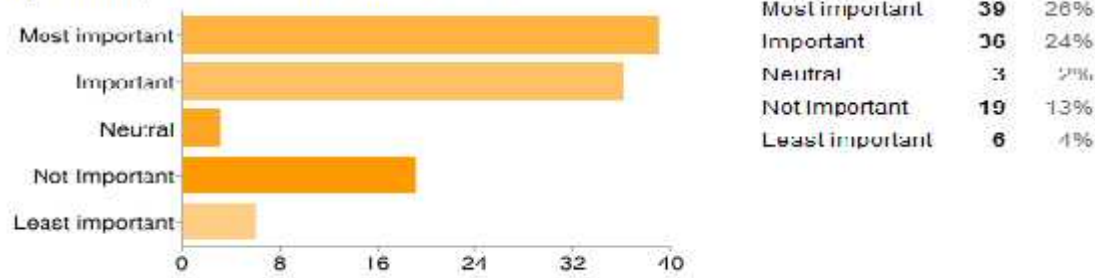
7) 65% of the sample has a positive response to the visual aesthetic element (material) of a package when compared to 29% of the sample who do not.



8. 70% of the sample give importance to the verbal elements of a package when buying a particular product.

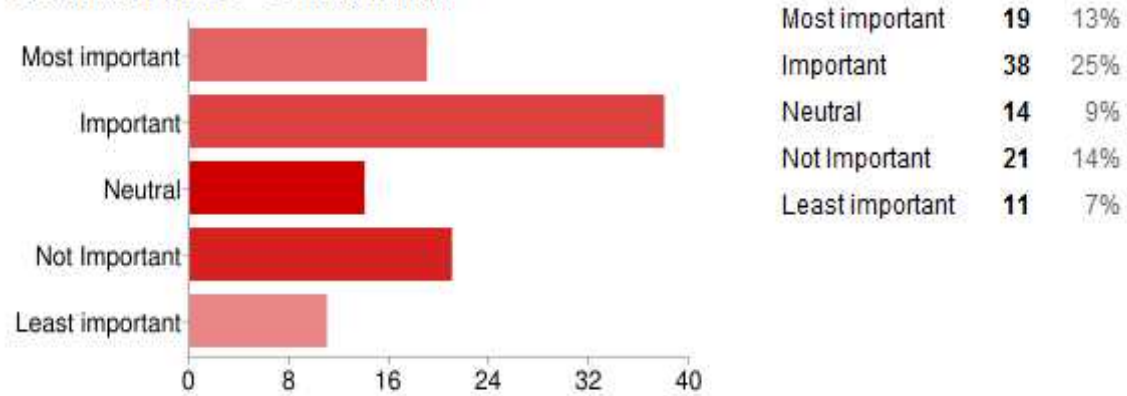


What is the degree of importance you give to different verbal elements on a package when buying a particular product? - Product information



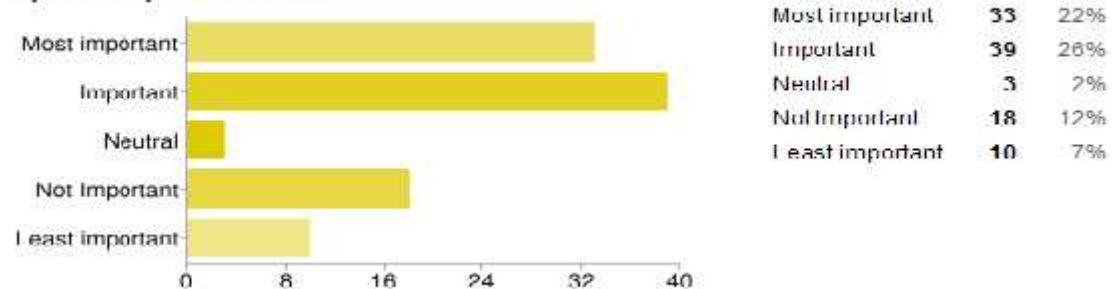
9.73% of the sample give importance to the product information on the package when compared to 24% of the sample who do not.

What is the degree of importance you give to different verbal elements on a package when buying a particular product? - Country of origin



10.55% of the sample gives importance to the country of origin information on the package when compared to 31% of the sample who do not.

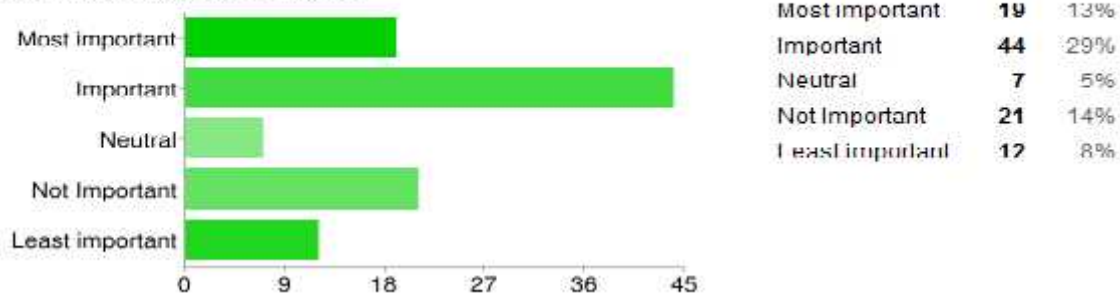
What is the degree of importance you give to different verbal elements on a package when buying a particular product? Brand



11.70% of the sample gives importance to the brand when buying a particular product (when compared to 27% of the sample who do not)



**What is the degree of importance you give to different verbal elements on a package when buying a particular product? - Producer**



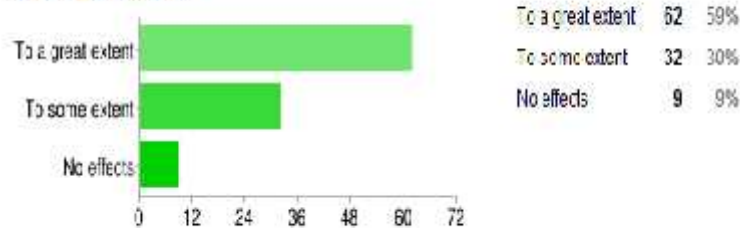
*12.61% of the sample gives importance to the producer information on the package when buying a particular product (when compared to 32% of the sample who do not).*

*From the above results, we can conclude that the packaging and packaging elements influence customer buying behaviour (Reject H0)*

**b) H0: Packaging of a product does not enhance promotion**

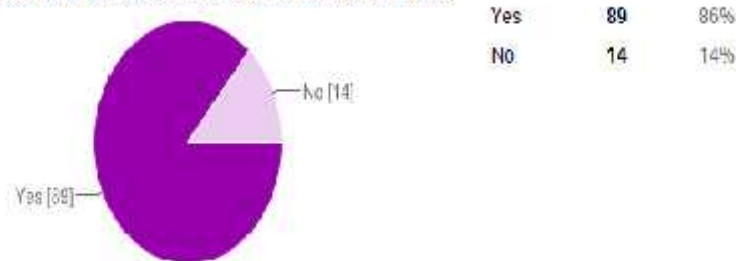
**H1: Packaging of a product enhances promotion**

**To what extent advertising plays a role in the promotion of a product? - Role of advertising in the promotion of a product**



*1.89% of the sample agree that advertising plays a role in the promotion of the product*

**Do you think good packaging of a product enhances promotion?**



*2.86% of the sample agrees that the good packaging of a product enhances promotion*

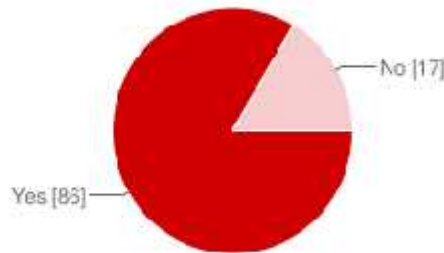
*From the above results, we can conclude that the packaging of a product enhances the promotion of a product*





- c) **H0:Packaging of a product does not help in creating a brand perception**  
**H1:Packaging of a product helps in creating a brand perception**

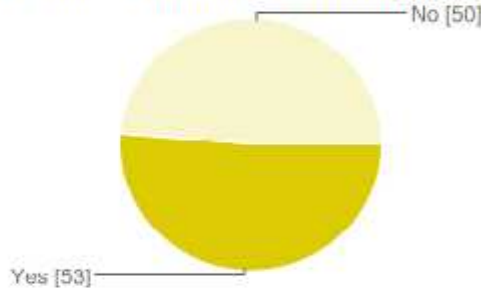
Do you think a strong brand should be a well packed product?



Yes	<b>86</b>	83%
No	<b>17</b>	17%

*1.83% of the sample agrees that a strong brand should be a well packed product*

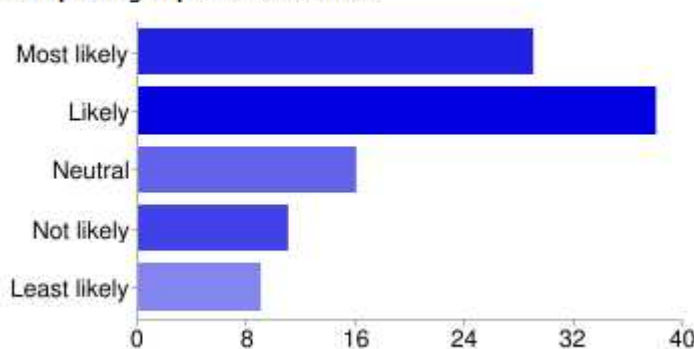
Are you willing to pay more for a well packed product?



Yes	<b>53</b>	51%
No	<b>50</b>	49%

*551% of the sample is willing to pay more for a well packed product*

How likely are you to recommend the well packaged product to others? - Recommendation of the well packaged product to others



Most likely	<b>29</b>	28%
Likely	<b>38</b>	37%
Neutral	<b>16</b>	16%
Not likely	<b>11</b>	11%
Least likely	<b>9</b>	9%

*3.65% of the sample will recommend the well-packed product to others*

*From the above results, we can conclude that the packaging of a product helps in creating brand perception (reject H0).*



## Conclusions

Results of research on role of packaging on consumer's buying behaviour stipulated following conclusions

- Package could be treated as one of most valuable tool in today's marketing communications, necessitating more detail analysis of its elements and an impact of those elements on consumers buying behaviour.
- Appropriate and vivid picture or packaging color which delivers them a happy feeling, or an easy handle/open/dose/dispose package shape. All these elements contribute each important effort to catch consumers' attention and interest. Besides each element's single function, we think that a good combination of those elements may let the product more eye-catching and attractive.
- The impact of package and its elements on consumer's purchase decision can be revealed by analysing an importance of its separate elements for consumer's choice. For this purpose main package's elements could be identified: graphic, color, size, form, and material of packaging are considered, wrapper design, printed information, innovation while product information, producer, country-of-origin and brand are considered as important ones. Moreover, the impact of package elements on consumers purchase decisions should be evaluated depending on the consumer's involvement level, time pressure or individual characteristics of consumers.
- Packaging has a better reach than advertising does, and can set a brand apart from its competitors. It promotes and reinforces the purchase decision not only at the point of purchase, but also every time the product is used. Packaging in different serving sizes can extend a product into new target markets or help to overcome cost barriers. Packaging can even drive the brand choice (especially in the context of children's products).
- Research into packaging has found that different packaging cues impact how a product is perceived. Often the packaging is perceived to be part of the product and it can be difficult for consumers to separate the two. Aspects such as packaging color, typography, illustrations and graphics can influence how a product is perceived.

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