Consumer Buying Behavior with Respect to Product Packaging Strategy by FMCG Companies in Nepal

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Abstract

The study examines the relationship between product packaging and consumers buying culture in the context of Nepal. Different research in the international front has shown positive causal relation, between these two phenomena. Using the survey method, the study has tested whether such positive relationship do exist in the context of Nepal.

Key Words: *Packaging, Brand Equity, Brand Recognition, FMCGs, Branding, Innovation*

Introduction

Fast Moving Consumer Goods (FMCGs) are products that are sold quickly at a relatively defined cost which are popularly referred as consumer packaged goods. The most common things in the list are toilet soaps, detergents, shampoos, toothpastes, shaving products, shoe polish, packaged food stuff and household accessories (Selvakumar, Rani & Jegatheesan, 2013). Packaging is regarded as a sales promotion tool for the organizations. The consumer's buying behavior is also stimulated by the packaging quality represented by design, labels, innovation and post consumption usage. Packaging becomes an ultimate selling proposition, which stimulates impulsive buying behavior. Packaging increases sales and market share and reduces market and promotional costs. Package appeals consumer's attentiveness towards a certain brand, increases its image, and stimulates consumer's perceptions about product. Furthermore, packaging conveys distinctive value to products (Underwood, 2003; Silayoi, & Speece, 2007), packaging works as an instrument for differentiation, and helps consumers to decide the product from wide range of parallel products, packaging also stimulates customer's buying behavior.

Packaging attributes are found to have a strong positive influence and significant relationship with Consumer's buying behavior. People perceive the brand image with positive attitude (Malik, et.al. 2013). The purpose of this research is to analyze the impact of packaging components and their influence on consumer's buying behavior decision. This empirical study uncovers the features of the packaging, which are having the eventual influence on consumer's choice, when multiple and different choices are available.

According to Belch and Belch (1999), the average American supermarket holds approximately 20,000 products that are competing to attract the consumers' attention. He

stated that consumers face more than 20,000 choices within a 30-minute shopping session. With so many options available just before a purchase decision is made, the product packaging is one of the best marketing tools companies can use to sell products and influence the consumer's purchase decision.Consumer buying behavior is an area of interest for all the companies, not for their upcoming offerings but for their current offerings too. It is continuous analysis is required in order to fulfill the requirement of customers as well as to compete effectively with the increased degree of competition from direct competitors and indirect competition. There are several factors which can affect the consumer buying behavior and in case of Fast Moving Consumer Goods (FMCG), packaging has a significant role in affecting consumer buying behavior.

The impact of package and its elements on consumer's purchase decision can be revealed by analyzing the importance of its separate elements for consumer's choice. The main package's elements could be identified as: graphic, color, size, form, and material of packaging are considered, wrapper design, printed information, and innovation, while product information, producer, country-of-origin and brand are considered as other important ones. Moreover, the impact of package elements on consumers purchase decisions could be evaluated depending on the consumer's involvement level, time pressure or individual characteristics of consumers. The impact of package elements on consumers' purchase decisions depending on the level of involvement and stated that visual elements of package have relatively stronger influence on consumer's purchasing when they are in the level of "low involvement", in opposite to those who are in the level of "high involvement".

Similarly, packaging plays a huge role in the positioning of the products. Package design shapes consumer perceptions and can be the determining factor in point-of-purchase decisions which characterize the majority of shopping occasions (Scribd, 2017). When consumers search for and process information in-store, the product's package can contain relevant and useful information for the consumer. Scribd (2017) further state that a product package can act as a extremely powerful and unique tool in the complex and competitive modern marketing environment, since a product's packaging is something which all the buyers experience and strongly engages the target market. Product packaging forms the end of the 'promotion-chain' and is close in time to the actual purchase and may therefore play an important role in predicting consumer outcomes. Packaging impacts the consumers at the point of purchase of the product by attracting their attention and eventually making them like the product package through classical conditioning. Especially in low involvement product categories and mature markets the choices are made primarily based on recognition responses and are likely to be heavily influenced by product packaging (Rossiter & Percy, 1978).

Product Packages also deliver brand identification and label information like usage instructions, contents, and list of ingredients or raw materials, warnings for use and directives for care of the product (Peter and Olson 1990). For small consumer durables, they frequently display the product and thus can show what has been improved in the product and to what customer benefit the improvement will lead. Packaging elements like packaging color, background image, packaging material, font style, design of wrapper, printed information and innovation are predictors to impulsive buying behavior of the

consumers and performance of packaging acts as an important marketing communications tool, especially in the point of sale and influencing the consumer's purchase decision.

The definitions of 'packaging' vary and range from being simple and functionally focused to more extensive, holistic interpretations. Packaging can be defined quite simply as an extrinsic element of the product, an attribute that is related to the product but does not form part of the physical product itself (Jacoby, 1972). Packaging is the container for a product – encompassing the physical appearance of the container and including the design, color, shape, labeling and materials used that is actually more influential than advertising in influencing consumers and having a direct impact on how they perceive and experience the product. Moreover, packaging has become a strong element of promotion, one of the major elements of marketing mix strategy, which attracts attention for the product and influences on consumers' purchase decision (Marketing91, 2017).

In this context, the present study assesses the level of general consumers' influence on the product pack. The present study is to carry out on measuring impact on purchase decision as a result of their packaging strategies, hence several independent variables like are taken into consideration in order to build a cause and effect relationship with dependent variables.

Study Methods

The present researcher is mainly concerned with the impact of packaging techniques and strategies for creating impact on selling as well as creating impact on consumer preferences. So, this research follows descriptive as well as causal research design. Descriptive design tends to use primary source of data for this research. And Causal design will tend to create cause and effect relationship between packaging and purchase decision of the FMCG product. According to Malhotra (2008), the major objective of descriptive research is to describe something—usually market characteristics or functions. It is characterized by the prior formulation of specific hypotheses. Similarly, the descriptive component of the study design was executed by the help of a set of questionnaires designed to explore pertinent primary data to be collected through consumer survey. By referring the work of Solanki (2014), 5-point Likert scale self-administered questionnaires were established. The questionnaires were developed keeping in view the need of various information to be built to transform the finally required information obtained from the surveys. The present study is carried out with an aim to measure the level of intensity and impact that packaging can have on the image of a FMCG's brands in context of Nepalese consumer market, where research involves collection of data from individual users to understand the significance of effective packaging of products to enhance the level of consumer preference. Simple random sampling method was used for the data collection. For the population that is large, Cochran (1963) developed the equation to yield a representative sample for proportion.

$$n_0 = \frac{Z^2 pq}{e^2}$$

Source: (Cochran, 1963 as cited in Israel, 1992)

Here n_0 is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails (1 - α equals the desired confidence level, e.g., 95%), e is the desired level

of precision, p is the estimated proportion of an attribute that is present in the population, and q is 1-p.

So the total number of sample size is 384 where the confidence level is 95% and margin of error + or – 0.5.

The Model Specification

The present study is carried out to obtain the consumer response towards the packaging strategies of several FMCG products and examines the relationship between packaging and consumer behavior, one should understand about packaging and factors affecting consumer purchase decision. Here, packaging is the independent variable includes elements such as design, labels, innovation and post consumption usage which influences dependent variable which is purchase decision.

Mathematically,
Purchase Decision = f (Design total, Label total, Innovation, Post Consumption Usage)
In equation form,

$Y = \beta_1 (DEG) + \beta_2 (LAB) + \beta_3 (INN) + \beta_4 (PCU) + e$
Where,
DEG = Design Total
LAB = Label Total
INN = Innovation
PCU = Post Consumption Usage
Y = Purchase Decision; β = regression coefficient; e = error terms.

Presentation and Data Analysis

To measure the relationship between independent and dependent variable, Pearson correlation has been used in this study.

Table 1: Correlation analysis of available variables

Note: From researchers' survey

		Design total	Label total	Innovation total	Post consumption total	Purchase Decision
Design total	Pearson Correlation	1	.472	.301	.406	.624
	Sig. (2-tailed)		.000	.000	.000	.000
	N	384	384	384	384	384
Label total	Pearson Correlation	.472	1	.372	.465	.630
	Sig. (2-tailed)	.000		.000	.000	.000
	N	384	384	384	384	384
Innovation total	Pearson Correlation	.301	.372	1	.288	.480
	Sig. (2-tailed)	.000	.000		.000	.000
	N	384	384	384	384	384
Post consumption total	Pearson Correlation	.406	.465	.288	1	.640
	Sig. (2-tailed)	.000	.000	.000		.000
	N	384	384	384	384	384
Purchase Decision	Pearson Correlation	**.624**	**.630**	**.480**	**.640**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	384	384	384	384	384

Note. Author's calculation through SPSS
Correlation is significant at the 0.00 level (2-tailed).

Table 1, shows that the correlations between the independent variables; design, innovation, labeling and post consumption usage with the dependent variable Purchase decision. All the independent variables have positive linear relationship to dependent variable at significance level of 0.01 (2-tailed test). All the correlations between the independent variables are less than 0.9.

Table 2: *The model summary of the regression table*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	134.279	4	33.570	187.374	.000[b]
	Residual	67.901	379	.179		
	Total	202.180	384			

Notes. Author's calculation through SPSS
a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), Post consumption total, Innovation total, Design total, Label total

The table 2 shows that the p-value (Sig. 0.000) is less than the alpha value of 0.05. This indicates that the data supports the approval of the regression model.

Table 3: *Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	**Std. Error**	**Beta**		
(Constant)	-.722	.172		-4.192	.000
Design total	.097	.011	.307	8.755	.000
Label total	.072	.010	.254	6.906	.000
Innovation total	.062	.010	.195	5.976	.000
Post consumption total	.076	.008	.341	9.796	.000

Note. Author's calculation through SPSS

a. Dependent Variable: Purchase Decision

Table 3 shows all the independent variables are significant to predict the dependent variable, purchase decision. This is because the p-value indicated by the last column of the above table (Sig.) is less than alpha value 0.05 for these independent variables.

Conclusion

In the consideration of the overall learning achievement and information analyses to determine the influence of packaging of FMCG on consumer buying behavior. Most of the brand provide with assurance about the product design, make, and also conformance to quality standards and also the intended value for the customers. Its packaging is based on various quantity division and available in a form of paper pack, tetra pack, refrigerator pallets, plastic bottles, glass bottles and metallic cans. So, the study shows positive causal relationship between packaging products and product buying habit of consumers. The companies need to focus on packaging of its product which is the first indicator to attract the product that leads to buying tendency among the consumers.

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