



UNIVERSITI PUTRA MALAYSIA

**"THE IMPACT OF PRODUCT
PACKAGING ON CONSUMER
ATTITUDE AND THE MODERATING
EFFECT OF INVOLVEMENT"**

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“THE IMPACT OF PRODUCT
PACKAGING ON CONSUMER
ATTITUDE AND THE MODERATING
EFFECT OF INVOLVEMENT”

by

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Dedicating this piece of hard work to my wife and my parents.

*“Growing pains sometimes
may seem unbearable, but
believe me they are
nothing compared with the
pain of shrinking or pain of
standing still”*

- Leo Burnett



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Chapter

1

Introduction

CHAPTER 1

INTRODUCTION

There is a strong desire to understand why some of the multinational companies spend so much money on packaging. Let's look at a classic sample of the world most renowned cola company, Coke, which has undergone countless change of 'faces' before it reaches today's image (refer to Appendix 1). For instance, companies like Nestle, Ayamas, SC Johnson and United Biscuits (Keebler Co.) in Malaysia also planned to have packaging changed for few of their popular brands recently. There must be a strong reason for making such decision on product packaging which may easily consume more than few million ringgit.

Therefore this paper wishes to examine to what extent product packaging influences consumers' behavior and attitude. An important independent variable is being introduced as to understand how consumer involvement affects the relationship between packaging and consumer attitude.

There is no doubt that some of the glorious stories of effective product packaging which have successfully rejuvenated the company's business is only a tip of the iceberg. There are many more non disclosed failure about inappropriate packaging that killed well established brands overnight!.

The findings of this paper would highlight some of the insights in consumer behavior. The results would also indicate whether packaging is the sole contributor of impulse purchase at supermarket aisle or there are hidden stories to be told? How to create a

packaging that makes consumers feel ‘involved’? How this can be achieved? How could marketer increase consumer involvement via packaging? All these questions would be addressed in the subsequent chapters.

1.1 Problem Statement

Keebler Company Sdn Bhd is a well known snack food manufacturer in Malaysia, established 23 years ago. One of its most popular snack brand ‘Twisties’ has been in the Malaysian and Singaporean market and successfully captured a lucrative market share of 20% in 1996 which entitled itself to be called as the number one snack brand in Malaysia.

Sales for Twisties has grown substantially in 1997. However, in the past six months, Twisties has experienced an unprecedented decline in sales volume and its market share has dropped from 20% to 16%. The alleged reasons for the decline in sales are loss of distribution and critical out-of-stock situation as revealed by A.C Nielson report (1998 Jan & Feb audit report). An obvious blame is being pointed at the sales department for not sustaining the sales performance. Based on Keebler’s Internal Sales Variance Analysis, Twisties 80g (the most popular Strategic Key Unit¹) reached the ‘historic’ lowest sales volume in April, 1998 (**refer to Appendix 2**).

¹ Strategic Key Unit is a term used in addressing each product units sold in Keebler’s business portfolio.



Later on, a special task force comprised of representatives from the Marketing and Sales department was formed to investigate and find out the issues underlying the poor sales performance. Result shows that slow product off-take is causing distribution loss and out-of-stock situation in the retail trade. For instance, many of the retailers delete or purchase less the slow-moving SKU of Twisties and replace it with other brands which have higher shelf turnover rate. This situation is further exacerbated by the economic slowdown in Malaysia.

The weakening of the Ringgit against foreign currencies has caused deflation of sales which coupled with the drop of consumer real earning/consumption has impacted the retail sector badly especially in the Klang Valley which is oversupplied with shopping centers. Furthermore, this could be due to aggressive competitor activities i.e. new product launches which has grown the market faster, and cannibalized the share from Twisties.

Figure 1: Twisties Market Share Jan/Feb - July/Aug 1997

Volume share	Jan & Feb	Mar & Apr	May & June	July & Aug
Twisties	18.9%	19.8%	17.8%	16.7%

Source: A.C Nielson Malaysia Snacks Retail Audit 1997

Therefore, the question of how to maximize and secure product facing on the over-flooded shelf space is crucial for business survival since the snack food category is growing faster than the retailing sector can cope with.

Until 1996, Twisties was targeted to young children. This is reflected in the brand communication entitled Halloween Party². In 1997, Twisties was repositioned as a brand for Malay/Chinese in urban/rural areas (Teenager 14-17 year) with a new campaign named Jam Session³. Since then, the new positioning for Twisties as a fun snack '*Life Never Straight with Twisties*' is used for irreverent youths. Despite the new repositioning for Twisties, the current 'look' of the Twisties pack has not changed for the last 20 years. Given the impulse nature of the snack category, the Twisties packaging is overdue for a facelift to keep the brand fresh and relevant to the new target consumers. It is not surprising to find complaints about the old packaging of Twisties that it no longer reflects the company's image as a vibrant innovator in snack manufacturing. For instance, the current packaging is prone to wrinkle and portrayed a 'poor and old' look for Twisties.

Besides, the top management foresee that they are likely to confront the possible attack launched by its formidable competitor in Malaysia, Frito-Lay which has already posed serious competitive threat in Keebler's export markets especially in the Middle

Eastern countries. Informal information source about the market entry of Frito-Lay in Malaysia with their popular children snack 'Cheetos - TWISTIES' has alarmed Keebler's management (**refer to Appendix 3**).

² Keebler released its TV's campaign with characters such as mummy that could not enjoy Twisties like his friends did.

³ Keebler launched its new campaign which focused on teenager as the core theme, departed completely from the childish image of Twisties in the past 20 years.

In summary, two critical questions remained to be answered:

1. Could Twisties be revitalized on shelf via packaging change in order to rejuvenate declining sales trend and to shield off competition.
2. How could Twisties brand be revitalized via packaging change as to keep it fun, contemporary and true to the new brand positioning/ company image without compromising the brand identity and heritage.”

1.2 Objective of Research

1.2.1 Overall objectives

The overall objective of this research is to find out what is the nature of the relationship between product packaging and purchase intention of the consumers.

1.2.2 Specific objectives

The specific objectives of this study are stipulated as below:

- I. To identify the effect of product packaging on attitude change in terms of brand beliefs;
- II. To identify the effect of product packaging on attitude change in terms brand evaluation;
- III. To identify the effect of product packaging on attitude change in terms of intention to buy; and
- IV. To identify whether involvement level has a moderating effect on brand belief, brand evaluation and intention to buy.

Chapter

2

Literature

Review

CHAPTER 2

LITERATURE REVIEW

2.1 Product Packaging

A popular remark made in the work of Hirotaka Sasaki¹:-

“Package has now much greater significance. Of course, at the time of circulation, it should protect the content and secure its safety. However, we are now in the times that what kind of concept you have for package or what kind of method you take for its planning will change the destiny of your merchandise or, speaking more, affect also the management of your business.”

The important role of packaging played in sustaining the product performance is clearly reflected in the formation of package planning & development operations in major Fast Moving Consumer Goods (FMCG) companies, where staffs well equipped with marketing and packaging knowledge are devoted to churning out excellent product packaging that continue to build and reinforce market leadership position, strong enough to withstand current and future competitive intrusion with cut-through design that integrates product communication with an **emotional benefit**.

A detail and systematic approach of brand identity management via aesthetics marketing especially in the packaged goods industry has been neglected to-date. A

¹Hirotaka Sasaki, “Food Package Design: Food Package Planning & Development”, Snow Brand Milk Products Co. , Ltd., Operations Development Dept., August 8, 1989



recent masterpiece of Schmitt and Simonson in the emerging field of identity management has set a new milestone in enhancing company's total aesthetic output or 'look and feel' for product packaging.

Marketing Aesthetics, is evident in reinforcing companies' competitive advantage in the market place. Departing from the conservative approaches on branding, they have combined branding, identity and image and showed how aesthetics can be managed via incorporating 'memorable experience' in packages. They both recognize the profound effect that a good product packaging or brand identity which could promise enormous benefits to enterprises including packaged goods, industrial goods, technology goods and services, retail and nonprofit organization.

A rather norm-breaking definition of packaging or brand aesthetic is offered by the authors²:

“Attractive visual and other sensory markers and symbols that represent the organization and its brands appropriately and dazzle customers through sensory experiences.”

Aesthetics is also defined as “a design which is not limited to graphic, company logos, product design or product packaging. Any form of corporate output is seen as having the potential to provide aesthetic value and gratification, and thus having the potential to differentiate the company and its product from competitors.”³”

²Scmitt Bernard & Simonson Alex, “Marketing Acsthetics: The Strategic Management of Brands, Identity and Image”, Free Press, 1997, pp.3-25

³Ibid.



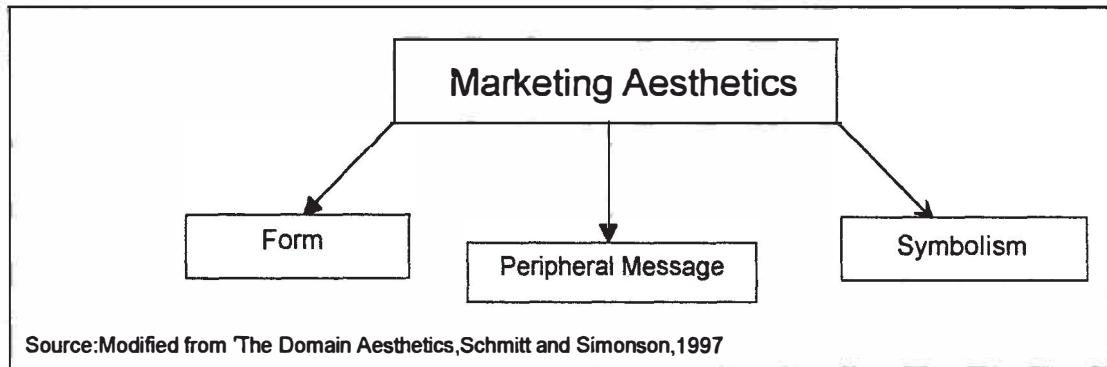
Basically, the brand identity/packaging is all about creating sensory experience that will add value to whatever product/services offered by the company in terms of customer satisfaction and loyalty, maintaining top-of-mind of customer impressions about brand's or organization's special personality, permit price differentiation, offer legal 'trade dress' protection from competitive attack, lower costs and raise productivity and lastly, generate a tempting appeal for its product range. In other words, a lasting and attractive identity or packaging is created via the "collaboration of strategic management and identity consultants, marketing and brand managers, product and graphic designers, advertising and public relation etc. and the final outcome is corporate and brand aesthetics."⁴

Marketing aesthetics comprises of few core elements: packaging of the product which increases the memorability of these visual in the consumer mind, peripheral messages (attractiveness and color of the packaging) and symbolism (nonfunctional experiential aspects of the packaging) which enable the product to cut through information clutter. Overall, the presence of the three aesthetics would make the product more easily recognized and get picked up at the point of purchase. These so-called domain of aesthetics is depicted in Figure 2 ⁵. It does not include functional or utilitarian role of a product or central messages which are referred as the main persuasive/argument of the product.

⁴Ibid.

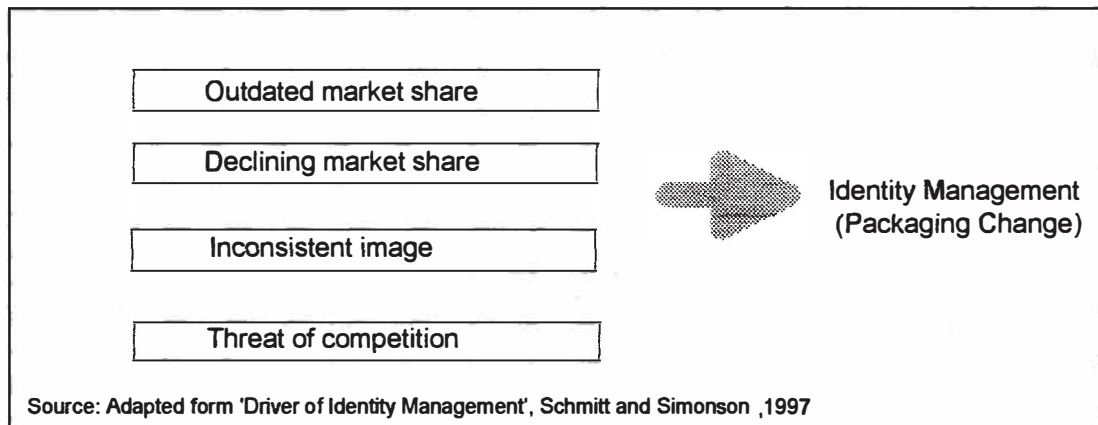
⁵Ibid. p.20

Figure 2: The Core Elements of Marketing Aesthetics



Proactive identity management can prevent identity crisis as it becomes outdated. For instance, the drivers of packaging change for Twisties are outdated product image, losing market share, inconsistency of image with the positioning, and threat of competitor product. These drivers are further illustrated in Figure 3:

Figure 3: The Drivers for Twisties Packaging Change



The above Identity Management would involve change in the overall presentation of Twisties packaging. As put forward by Schmitt and Simonson, changing the styling or appearance and presentation of the product could stimulate consumer demand. In

other words, a new attractive packaging would not only entice existing and new consumer to purchase the product but also help to deposition competition⁶.

There is a strong positive relationship between attractive packaging and sales performance. A prominent summarized case study given in Schmitt & Simonson⁷ :

“Despite fierce competition posed by Stolichanaya (Russia) against Absolut Vodka (Swedish) in the vodkas market in the U.S. and the captured share of 80% by Stolichanaya has made the odds clearly against Absolut Vodka. An immediate departure from its old-fashioned bottle that looked as if it had come from an alchemerist’s laboratory to pursuing an aesthetics strategy: a new Absolut’s image with a brand name and the product distinctively shaped bottle which become the center of artistically imaginative campaign. For instance, the silver-and-blue Absolut’s package design reinforces the distinct product image, the minor appearance shifts such as a new lettering color, anchored by the stable simplicity of the ABSOLUT name on the bottle.”

It is said that Absolut’s success in terms of sales in the U.S. has soared from 5,000 cases per year to 2.5 million. In 1980’s, Absolut’s growth surpassed Stolichanaya as the best-selling imported vodkas. The case study of Absolut Vodka as illustrated by the authors of ‘Marketing Aesthetics’ is restated as below⁸:-

⁶Ibid. pp.3-25

⁷Ibid. p.4

⁸Ibid. p.4



None of the common explanations for this kind of marketing achievement-product quality, efficient distribution, or price leadership could explain Absolut's success. Overall, the swift abandoning of their competitive priority based on traditional ingredient which is no longer sufficient to lift a product above its competitor and willingness to market its aesthetics have moved Absolut into its enviable market position of today's. In addition, Absolut also uses identity-reinforcement strategies which communicate its aesthetics image beyond print and transform it into real life situations. For example, Absolut's bottle name and headline phrase placed in unexpected settings are some of the aesthetics elements of the print campaign. Moreover, the "Absolut Wonderland" advertising was encased in a clear plastic package that contained tiny plastics "snowflakes" suspended in a mixture of oil and water.

Some of the case studies made by Allied International Designers Limited (AID) have again substantiated the relationship between packaging and sales volume. As shown by the case study "The Pack Design that created a company group identity: Britax Motor Oil" (refer to Appendix 4), Britax faced intensified competition in the car accessories market and later they decided to strengthen their product branding through logo redesigning to make it look more vibrant. A new system of packaging for the product range is created. The outcome of Britax's move is rewarding because the brand awareness has increased drastically and this huge success is attributable to new

packaging which is acknowledged as having been a major factor in the achievement of increased sales. This is parallel to words of Schmitt and Simonson⁹ :-

“...companies that present a cohesive, distinctive, and relevant brand identity can create a preference in the marketplace, add value to their services, and may command a price premium.”

As portrayed by another case study on “Ajax redesign for the 80’s (refer to Appendix 5), again, the product’s brand identity and individual packs are redesigned to embrace cleaner, powerful brand image in order to battle-off the decaying sales volume. The clearer product look with the extended ‘J’ product name placed on a bigger white panel has increased consumer awareness successfully.

The ‘Yardly didn’t let this brand die’ case study is another success story of product packaging which not only manage to revitalize its brand but also establish a fairly strong market foothold. The case study has highlighted the new pack design solution which utilizes the old brand’s nostalgic appeal both to the existing and new consumers. The outcome of the new pack redesign when it was launched in Germany and France was amazingly well. Another popular and trusted household brand ‘Colgate’ also redesigned its packaging via replacing the sacred blue trapezium with a ‘famili logo’ as to strengthen the communication of the brand’s family protection message (refer to Appendix 6). For more examples on successful packaging change, refer to British design ... (Appendix 7) and logo change for Jaguar Rover (Appendix 8).

⁹Ibid. p.56