

A Study of Consumer Preferences Towards Packaging in FMCG Sector of Jodhpur

Abstract

Packaging has always been the important aspect of marketing. The product is a silent marketer for itself. It attracts attention of millions of customers, just by silently sitting on the shelf. In FMCG sector it gains even further importance. This paper explores the impact of packaging on the buying behavior of consumers in FMCG Sector of Jodhpur. The basic objective of this study is to conduct a detailed analysis and a good understanding of consumer trends and purchase behavior in relation to packaging. The study is based on a sample of 100 respondents taken from Jodhpur. This study highlights that packaging is considered as a necessary part of the product, hence customers of Jodhpur find packaging as a value addition.

Key words: Consumer Preferences, FMCG.

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Introduction

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 designing, 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. It is fully integrated into government, business, institutional, industry, and personal use.

Packaging has always been the important aspect of marketing. We all know that the product is a silent marketer for itself. It attracts attention of millions of customers, just by silently sitting on the shelf. The color, size, shape of the product has always fascinated the marketers and they have always tried to make it as lucrative as possible. Packaging is a very important marketing strategy to glamorize a product in order to attract the consumer's attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy it. (Arora, 2009)

Packaging has a huge role to play in the positioning of products. Package design shapes consumer perceptions and can be the determining factor in point-of-purchase decisions which characterize the majority of shopping occasions.



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In recent years the marketing environment has become increasingly complex and competitive. A product's packaging is something which all buyers experience and which has strong potential to engage the majority of the target market. This makes it an extremely powerful and unique tool in the modern marketing environment.

In addition to its benefits in terms of reach, some marketers believe that packaging is actually more influential than advertising in influencing consumers, as it has a more direct impact on how they perceive and experience the product.

Literature Review

Datamonitor (2010) research says while the world continues to debate on finding out ways to decrease the amount and perils of packaging in the food industry through environment-friendly, sustainable and minimal packaging, globally there has not been any dearth of innovations in food packaging. Food packaging across the globe has seen a continuous shift over the past 30 years. Consumers' tastes and preferences are changing rapidly, whilst consumption patterns are seeing a radical shift. As a result, marketers have to respond to this changing environment. Innovation in product packaging is central as they offer benefits beyond just being a medium to withstand storage and distribution challenges, Mr. Pinaki Mukherjee, Lead Consumer Consultant Datamonitor, commented. Riding on the rapid shift in consumer graphics and spectrum in India, food packaging emerged as the new value differentiator for the FMCG companies in India, added Mr. Mukherjee.

In addition, the consumer graphics and spectrum in India in the last five years have undergone a sea change. Consumers have become more informed, discerning and price sensitive. Their lifestyle transformed and life stages have become much more complex and overlapping. As consumers have become more mobile and crunched for time, they have started seeking a number of auxiliary benefits such as convenience of consumption and usage.

The 'Great Indian Retail Revolution', initiated at the break of the current century, has gained momentum all along the first decade. The organized retailing industry in India is at the threshold of mass adoption. Consumer packaged goods industry has had many reasons to celebrate this revolution as packaged food rapidly replaced loose staples and locally-produced eatables. The advent of organized retailing has also brought about the 'shelf war' amongst the FMCG manufacturers. They have to plan and optimize the usage of increasingly costlier shelf spaces at the organized retail destinations.

Datamonitor analyzed the global scenario in the past one year to assess various packaging trends across the globe. Their analysis revealed four prominent trends driving the packaging innovations, a) convenience of usage, b) freshness and improved shelf life, c) sustainable and environment-friendly, and d) packaging as a tool to position and promote the brand. The brief published in December 2009, 'Innovations in Packaging - Emerging Opportunities in the Indian Food Industry', succinctly evaluates these trends and identifies opportunities for the Indian FMCG companies in this regard.

Datamonitor predicts a multi-dimensional shift in food packaging in India in the next five years. Advanced packaging techniques and concepts such as aseptic packaging and retort-able packages, although coming into existence, are yet to make a mark in India. Mr. Mukherjee remarked, "However, with the consistent rise in the adoption of 'Ready to Eat/Drink' products amongst Indian consumers, it is expected to be only a matter of time before Indian FMCG market would be filled with products using advanced packaging technologies, primarily aimed at enhancing the shelf life of the products and to offer additional convenience to the consumers in terms of storage, consumption and portioning.

Traditionally, product packaging has not been seen as a vehicle to promote the brand while it is changing now. For example, Kissan Jams, targeted at the kids segment, is now using tube packages with catchy graphics to appeal to the target audience, BRU Coffee's aroma-lock packaging appeals to the staunch coffee lovers, who worried about retaining the aroma upon multiple usage from a single pack. In the coming years we could see lot many such examples, averred Mr. Mukherjee.

Changing Trends

The consumer can change his decision on the basis of information printed on the packaging. Mostly in Merchandises and daily FMCG the consumer can perform evaluation on the basis of printed information. (Azeem, 2010)

Consumers are snapping up terms such as "biodegradable" or "compostable" when stamped on packs because at first glance degradable packaging almost seems too good to be true. Who wouldn't want to be seen as doing their part for the environment if it is as simple as purchasing a pack that, over time, completely degrades given the right conditions? It seems like the perfect solution. However, the benefits of degradable packaging may not be so great in the long-run and could result in a load of over-rated hype that suppliers, brand owners and consumers are making far too much of rather than looking to recyclable materials. (Nikki Preston, Prospects for biodegradable packaging)

Eco-Design

Eco- design is a method of designing products (goods and services) that takes into account preservation of the environment. It also considers the product's impact on the environment at all stages of its life cycle. For example, because of eco-design, we can now use recyclable or biodegradable material for packaging. Similarly, Eco-design is responsible for the development of a laundry detergent that's effective in cold water and reduces the energy a washing machine consumes.

To date, eco-design packaging continues to improve existing packaging, although it tends to rely on material composition and engineering more than on creativity. To make a story short, eco-design packaging has been limited to production and has not been considered enough in terms of customer behavior and expectations.

Packaging now represents 25 percent of the waste weight and 35 percent of waste volume. So, it seems, the key issue is solving consumer's perceptions of packaging waste. Consumers feel as though they are facing a packaging invasion, having to sort through more and more stuff every day, from metal to paper, to plastics.

While this daily gesture is generating frustrations, it has also generated a huge opportunity for brands. It is time to push eco-design further, looking more deeply and precisely at manufacturing, product design, logistics, retail, and user behavior. It needs to become about improving ergonomics and use, supporting reduction and recycling, developing transformation, and promoting reuse.

From the 3Ps to the 5Rs

At the essence of packaging is what Bertrand Chovet likes to call the 3Ps (to Protect, Preserve, and Promote). However, the first two are no longer brand differentiators. Nowadays, FMCG brands can only count on the last Ps to build brand value: it is all up to communication.

The 3Ps (to Protect, Preserve, and Promote), which was focused on the present, must be reconsidered and extended to an approach that will encompass the past, the present, and the future of product packaging. That is why the new approach must be revised to as the 5Rs:

Rethink

Analyze user behaviors and expectations (how they think, what they need and want) to deliver options about the cycle of the product and packaging. Use this research as a path for all engineers, marketers, and designers.

Re-engineer

Look at packaging manufacturing, logistics, retail, and user constraints, involving both engineering and marketing disciplines before briefing designers.

Remove

Optimize packaging layers to fulfill manufacturing, logistics, retail, and user expectations without losing the key packaging functions (which often have multiple uses).

Reduce

Act to reduce packaging material without affecting the product performance during its production, transport, distribution, and use phases.

Recycle

Consider the life cycle of the product packaging to improve how used material re-enters the process at the end of the cycle – especially from a user point of view.

A number of brands are beginning to think about packaging in terms of the 5Rs. Some are doing a better job than others. But regardless of what stage they are at in the process, their progress can teach much about how eco-design can work effectively for brands. (Bertrand Chovet)

Consumer Endorsed Packaging

The brand ambassador is a marketing model that employs trusted, credible personalities to promote and give greater visibility to its brand products. But outside of the traditional, big money advertising world, where famous actors or sport stars are utilized as “ethical” promotional promoters of unique events or services, the idea of a new kind of brand ambassador, a grassroots conceived-one, has yet to trickle down the marketing strategies adopted by successful companies. Sponsor a company or product he / she use and likes. This would be a passionate individual who has already been acting spontaneously as a “brand ambassador”, providing credible, valuable and impartial info, exposure and visibility to a company product.

On the web there are many people who, consciously or not, act as spontaneous brand ambassadors for many products and services.

Why not consider to prize and reward economically those that have been doing so spontaneously? Why not give them greater and better opportunities to do so? This has been the upcoming trends in packaging as well where the brand ambassadors on the covers are replaced by self-elected, grassroots brand ambassadors, that are by definition actual users, passionate consumers of something they really use and like. The key value they have in the eyes of their own audiences is that they are credible, trusted and honest. They wouldn't recommend something they did not truly tried and believed in, and this criterion has been taken in packaging trend as CONSUMER ENDORSED PACKAGING.

This is why, companies considering such an innovative marketing approach should be careful in not confusing the idea of paying someone to do marketing and promotion actions versus the idea of rewarding those who, while very competent and credible in their sectors, have already proven to be natural, spontaneous best matches to the role of a brand ambassador.

A brand ambassador of such kind could act as a great resource to collect and gather valuable feedback and criticism from other customers while being he a great advisor to any company product development office. Brand ambassadors would also play a key role in showcasing and promoting new products while utilizing communication approaches that are more in tune with how successful companies are communicating today on the web and across social media. (Masternewmedia)

Objectives

The objective of this study is to conduct a detailed analysis and a good understanding of consumer trends and purchase behavior in relation to packaging. The specific objectives of this study are to relate the importance of packaging

- In buying decision of a consumer
- In building or sustaining a brand
- In understanding the changing trends of packaging like consumer endorsed packaging and environment friendly packaging.

Methodology

Research Design - A descriptive conclusive research design was used for the study. The study was conducted to study customer's perception regarding innovation.

Data Collection Method - Both primary and secondary data have been used in the present study. For primary data collection, personal interview method was followed. Respondents were personally contacted and administered structured, undisguised and unbiased questionnaire. Secondary data was collected from the various magazines, newspapers and internet.

Sampling Plan -

Universe - All customers who use FMCG products.

Population - All customers who use FMCG products in Jodhpur.

Sampling Unit - The sampling unit in this study is any customer who buys products in Jodhpur.

Sampling Technique - The selection of respondents was done on basis of convenience sampling.

Sampling Size - The number of respondents included in the study was 100.

Analysis and Interpretation

The data were collected with the help of a structured questionnaire.

		Q1_attracted by the packaging	Q2_style and type of packaging	Q3_packaging as just protection	Q4_preference to cost effectiveness
N	Valid	50	50	50	50
	Missing	0	0	0	0
Mean		2.12	2.30	3.08	2.72
Median		2.00	2.00	3.50	2.00
Mode		2	2	4	2
Std. Deviation		.659	.735	1.085	1.161
Variance		.434	.541	1.177	1.349
Sum		106	115	154	136

N	Valid
	Miss
Mean	
Median	
Mode	
Std. Devi	
Variance	
Sum	
Variance	
Sum	

		Q15_convenience as most important feature	Q16_attractive look as most important feature	Q17_price as most important criteria	Q18_amount of waste produced
N	Valid	50	50	50	50
	Missing	0	0	0	0
Mean		2.34	3.72	2.70	2.94
Median		2.00	4.00	3.00	3.00
Mode		2	4	2	2
Std. Deviation		.895	.882	1.015	1.096
Variance		.800	.777	1.031	1.200
Sum		117	186	135	147

		Q19_attention to recyclable packaging	Q20_multifunctional packaging criteria
N	Valid	50	50
	Missing	0	0
Mean		2.50	2.50
Median		2.00	2.00
Mode		2	2
Std. Deviation		1.015	1.093
Variance		1.031	1.194
Sum		125	125

Factor Analysis

Communalities

	Initial	Extraction
Q1_attracted by the packaging	1.000	.710
Q2_style and type of packaging	1.000	.783
Q3_packaging as just protection	1.000	.778
Q4_preference to cost effectiveness	1.000	.717
Q5_is convenience important	1.000	.666
Q6_consumer endorsed packaging as market strategy	1.000	.642
Q7_packaging effect in unfamiliar products	1.000	.682
Q8_effect of colors_graphics	1.000	.676
Q9_assistance by written info	1.000	.629
Q10_ready to pay high for convenience	1.000	.580
Q11_packaging in creating brand image	1.000	.713
Q12_packaging in differentiating between 2 brands	1.000	.739
Q13_packaging influence in switching brand	1.000	.769
Q14_protection as most important attribute	1.000	.580
Q15_convenience as most important feature	1.000	.719
Q16_attractive look as most important feature	1.000	.678
Q17_price as most important criteria	1.000	.511
Q18_amount of waste produced	1.000	.657
Q19_attention to recyclable packaging	1.000	.756
Q20_multifunctional packaging criteria	1.000	.843

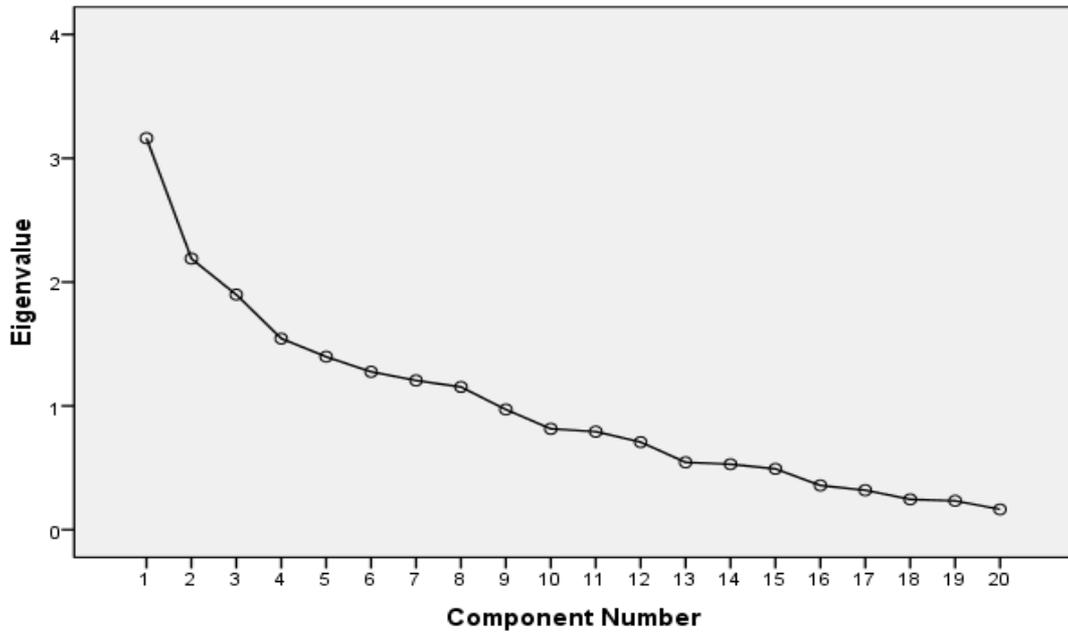
Extraction Method: Principal Component Analysis. Preferences Towards Packaging in FMCG Sector of Jodhpur

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.163	15.815	15.815	3.163	15.815	15.815
2	2.190	10.950	26.765	2.190	10.950	26.765
3	1.899	9.493	36.258	1.899	9.493	36.258
4	1.544	7.721	43.979	1.544	7.721	43.979
5	1.398	6.988	50.967	1.398	6.988	50.967
6	1.275	6.377	57.344	1.275	6.377	57.344
7	1.206	6.029	63.373	1.206	6.029	63.373
8	1.153	5.766	69.138	1.153	5.766	69.138
9	.971	4.855	73.994			
10	.815	4.077	78.070			
11	.792	3.962	82.032			
12	.708	3.538	85.570			
13	.544	2.721	88.291			
14	.529	2.647	90.939			
15	.492	2.460	93.398			
16	.358	1.790	95.188			
17	.319	1.596	96.784			
18	.245	1.226	98.010			
19	.233	1.167	99.177			
20	.165	.823	100.000			

Extraction Method: Principal Component Analysis.

Scree Plot



Component Matrix

	1	2	3	4	5	6	7	8
Q1_attracted by the packaging	.119	.117	.238	.262	.594	.381	.232	-.069
Q2_style and type of packaging	.304	.142	.087	-.305	-.199	.395	.140	.596
Q3_packaging as just protection	-.308	.354	.013	-.289	.062	-.447	.518	-.052
Q4_preference to cost effectiveness	-.091	.415	-.630	.213	.135	.255	-.075	.076
Q5_is convenience important	.484	-.416	-.247	.211	-.107	.076	.301	.214
Q6_consumer endorsed packaging as market strategy	.421	.062	.168	.568	-.252	-.205	.016	.070
Q7_packaging effect in unbranded brands	.503	-.087	.078	.051	.231	.364	-.448	-.161
Q8_effect of colors graphics	.394	.385	-.082	.189	.440	-.050	-.157	.331
Q9_easily to pay high for convenience	.655	-.292	.217	.006	.054	.014	-.038	.131
Q10_ready to pay high for convenience	.487	-.442	.250	-.219	-.046	.070	.232	-.330
Q11_packaging in creating brand	.348	.325	.514	.445	.135	-.001	.156	-.085
Q12_packaging in differentiating between brands	.115	.248	.526	.366	.138	-.282	.054	.427
Q13_packaging influence in creating brand	.313	.418	-.366	.298	-.068	.020	.265	.095
Q14_protection as most important attribute	.111	.131	.028	.245	.515	.481	.487	.216
Q15_convenience as most important feature	-.119	.390	.655	-.065	.126	.076	-.205	-.123
Q16_attractive look as most important feature	.408	.074	-.146	-.344	.413	.091	.105	-.099
Q17_price as most important criteria	.438	.551	-.136	-.113	-.243	.042	.002	-.262
Q18_amount of waste produced	.567	.532	-.133	-.117	-.119	-.068	-.002	-.319
Q19_attention to recyclable packaging	.471	-.025	-.166	.411	-.226	.516	-.313	-.092
Q20_multifunctional packaging criteria								

Results and Findings

1. Consumers are attracted by the packaging of the products.
2. Style and type of packaging does affect the buying decision of consumers.
3. Consumers are neutral on the statement that packaging is just a means of protection of a product.
4. Most of the consumers agree on the fact that they prefer cost effectiveness in packaging compared to attractive packaging, for e.g. they will prefer low cost jam jar compared to costly and attractive tube packaging.
5. Consumers strongly agree to the fact that convenience of usage is an important factor in packaging of a product.
6. "Consumer endorsed packaging" as a market strategy is effective or not cannot be judged by the opinion of consumers, as they stay neutral on it.
7. Packaging does not play much role while buying an unfamiliar product as per the opinion of people.
8. During shopping at a general store image elements such as color, graphics and shape of package play a effective role on the customer's purchase decision.
9. Yes, written information on the package assist consumers in making their buying decisions carefully as it gives consideration to product characteristics.
10. There is a mixed opinion on the statement that people are ready to pay high price for convenience in packaging like easy to use and handle packs. As this might also depend on their income.
11. People do agree that packaging of a branded product does help in creating image about that brand in their mind.
12. People stay neutral on the statement that packaging is a criteria while differentiating between two brands.
13. Packaging of a product does not influence them to switch brand.
14. Some people consider most important criteria as protection of product.
15. Some consider convenience as the most important attribute.
16. People refuse attractive looks as the most important criteria over price, convenience and protection.
17. Price gets a neutral opinion as an important feature of packaging.
18. Some people don't give consideration to attention to the amount of waste that will be produced by the packaging that is contained in the product, while some do, as it might depend on their knowledge and intellectuality.
19. Consumers now a days do give an agreeable to neutral consideration to recyclable product packaging while buying a product.
20. Depending on their expense capacity some people agree that multi functional or re-usable packaging like plastic containers and bottles does attract them to buy a product despite of its high cost, while for some it doesn't.

Results from the component matrix

Primary Factors

1. Convenience and image building represents the easy to use packaging that helps the consumer to handle the product more easily and quality and useable features of packaging create an image of the product
2. Protection and minimal wastage show the feature of packaging to protect the product and also gives consideration to the amount of waste produced by packaging
3. Branding showcases the creation of a brand, its image and a differentiation factor between two brands.

Secondary Factors

4. Feature over strategy applies to the fact that feature like quality in all aspect rules over other marketing strategies in relation to packaging
5. Visual attractiveness with cost effectiveness explains the importance of the external outlook but in consideration with cost.
6. Price attribute gives the importance to the price as an important attribute of packaging
7. Product safety says that packaging is to protect the product from any harm.
8. Style represents the superficial outlook which is supposed to be attractive and eye catching.

Conclusion

Packaging plays an important role in the marketing context. The right packaging can help a brand carve a unique position in the marketplace and in the minds of consumers. Packaging has a great reach 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). As the market becomes more competitive and shelf space is at a premium, products need to be able to stand out from the crowd and packaging needs to provide more than just functional benefits and information. Under time pressure and in low involvement purchases, less time is spent looking at the detail and information provided on packaging – this is especially true in the FMCG category.

There are many new emerging trends like biodegradable, eco friendly packaging, and greener packaging design fulfills the needs of a business having to connect with its targeted consumers without sacrificing our environment. These trends also include marketing trends like consumer endorsed packaging where consumers suggestions, their pictures are printed on the packages, to form a relation i.e. an emotional bond with them.

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 (the concept of gestalt). Aspects such as packaging color, typography, illustrations and graphics can influence how a product is perceived.

Results of research on role “Consumer Behavior in Relation to Packaging (FMCG)” stipulated the following conclusions:

- ❑ Package could be treated as one of most valuable tools in today's marketing communications, necessitating more detail analysis of its elements and an impact of those elements on consumers buying behavior.
- ❑ 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 to an important effort to catch consumers' attention and interest. Besides each element's single function, we think that a good combination of those elements may make the product more eye-catching and attractive.
- ❑ 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. 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 consumers' involvement level, time pressure or individual characteristics of consumers.

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- ❑ Empirically testing the research model proposed, package elements having the ultimate effect on consumer choice in a case of different products from group of convenience goods were determined
 - ❑ It has revealed that elements of package are the most important for consumer's purchase decision. For a major part of consumers' a size and material are the main visual elements, while product information is also the main verbal elements.
 - ❑ People today are getting acquainted to recyclable packaging and the waste production due to packaging, but still in small cities like Jodhpur they are required to be acknowledged with these new concepts and their importance.

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