

## **Linking Packaging Characteristics between Advertising and Consumer Brand Preferences with respect to FMCG Sector**

<sup>1</sup> Dr Lalit Prasad and <sup>2</sup> Dr Priyanka Mishra

<sup>1</sup> Associate Professor, Dr D Y Patil Institute of Management Studies, Pune

<sup>2</sup> Assistant Professor, Dr D Y Patil Institute of Management Studies, Pune

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### **Abstract**

**Purpose:** The purpose of this study is to investigate the linkage of packaging characteristics between advertising and consumer brand preference in FMCG sector. The aim of the study to develop a conceptual model between packaging, advertising and consumer brand preferences in FMCG sector of India.

**Design/methodology/approach:** The primary data was collected from structured questionnaire formulated for packaging characteristics, advertising and consumer brand preferences. The reliability and validity of the instrument was verified. To develop a reliable and valid model of packaging, advertising and consumer brand preference, questionnaire survey was done and hypotheses were tested using stepwise regression analysis.

**Findings:** A measurement model of packaging, advertisement and consumer brand preferences has been developed and it is tested. The result supports the hypotheses that packaging and advertisement have positive impact on consumer brand preferences.

**Practical implications:** The practical utility of this model is that managers may strengthen their packaging, advertisement to enhance consumer brand preferences of their organizations.

**Originality/value:** The paper developed a conceptual model of packaging and advertisement on consumer brand preferences and also measures the impact of these two variables on the dependent variable consumer brand preferences in FMCG sector.

**Keywords:** Packaging characteristics, Advertising, Consumer brand preferences and FMCG sector

## INTRODUCTION

A company's popularity depends on its dominating power in the consumer market. In the modern world today, the power of advertisement reaches out and touches everyone's living and working environment. The main objective of advertisement is to attract prospective customers that try to understand their awareness, attitude, and buying behavior and brand preferences. Advertisement is to provide information of a product or services to its potential customers. Advertisement has a major influence on consumer brand preferences and helps the buyers to make decisions. However Reich-held said that it is difficult to earn profit due to the tremendous cost of advertisement. The prominent aim of advertisement is to impact on the consumer buying behavior and to strengthen the brand name in the memories of the people. The brand awareness or cognition influence a customer for brand consideration, evaluation and finally purchase of the product. The principal aim of consumer behavior analysis is to explain why consumers act in particular ways under certain circumstances. It tries to determine the factors that influence consumer behavior, especially the economic, social and psychological aspects. A company has to develop innovative solution to meet the customer expectations and also to survive in the competitive market. Traditionally, the main purpose of packaging was to protect the product during the distribution process from the manufacturer to the end consumer. In 2007, Gonzalez said that the role of packaging in marketing communications increases: it must attract consumer's attention and transmit adequate value of product to a consumer in the short time period for sale.

Underwood and Klein, Linking packaging to marketing 2002; Young, 2004 suggested that new design of packaging provides a better opportunity for customer information and marketing communication at store level. Packaging plays an important role and it has importance in the field of marketing despite this, there is very little research interest among the researchers from a management aspect (Rundh, 2005).

In the consumer decision making process and choice of a best element to buy, brand preference plays an important role. A customer prefers a brand by comparing and ranking different brands by focusing on their uniqueness and requirement of the customer. Brand preference as "the extent to which the customer favors the designed service provided by his or her present company, in comparison to the designated service provided by other companies in his or her

consideration set,” with a consideration set referring to brands that a consumer would consider buying in the near future (Jin & Weber, 2013). Kotler and Keller, 2003 said that “A brand loyalty shows that a consumer chooses a brand among competing brands and not accepts any other as substitute”. The five elements of brand preference and making decision to buy a product are: brand participation, brand advocacy, brand involvement, Price of Brand and product quality. The participation of consumers in brand and company activities increases brand preferences (Bagozzi & Dholakia, 2006). In Brand advocacy, current users help other customers to identify a brand, supports for the brands and do promotion of brands for brand preferences (Bhattacharya & Sen, 2003). Brand involvement shows the relationship with consumer satisfaction and also the consumer is satisfied by the performance of brand (McColl-Kennedy & Fetter Jr, 2001; Mudie, Cottam, & Raeside, 2003). Price of brand is the expectation of consumers and meeting the expectation about quality, brand images, performance, charge appropriate cost, sales & after sales quality criteria at least (Aghdaie & Yousefi, 2011). One of the important aspects to buy a product is product quality. Taylor, Hunter, & Lindberg, 2007 said that a customer changes his decision to buy or not to buy a product only because of the product and services provided by the organization. The fourth largest sector in the Indian economy is fast moving consumer goods (FMCG). FMCG sector has grown from US\$ 31.6 to US\$ 52.75 billion from 2011 to 2017. The expected growth at a Compound Annual Growth Rate (CAGR) of 27.86 per cent to reach US\$ 103.7 billion by 2020. The key components, advertisement, packaging characteristics and consumer brand preferences of this research study. Despite of greater importance in this area, it has very little research. The aim of this research study to find the mediating effect of packaging between the advertisement and consumer brand preference in FMCG sector.

### **Theoretical Background and Empirical Evidences**

Advertising is a structured marketing communication employing verbal and non-verbal elements to reach to the consumers. The purchasing of brands by consumers is supported by effective communication through advertisement, (Belch & Belch, 1998). John and Slater (2003) suggested that the advertisement must do more than simply communicating information. In 2007, Wells, Farley, & Armstrong suggested that Packaging characteristics gives the ability to differentiate between the similar products and encourages consumers for the buying decisions.

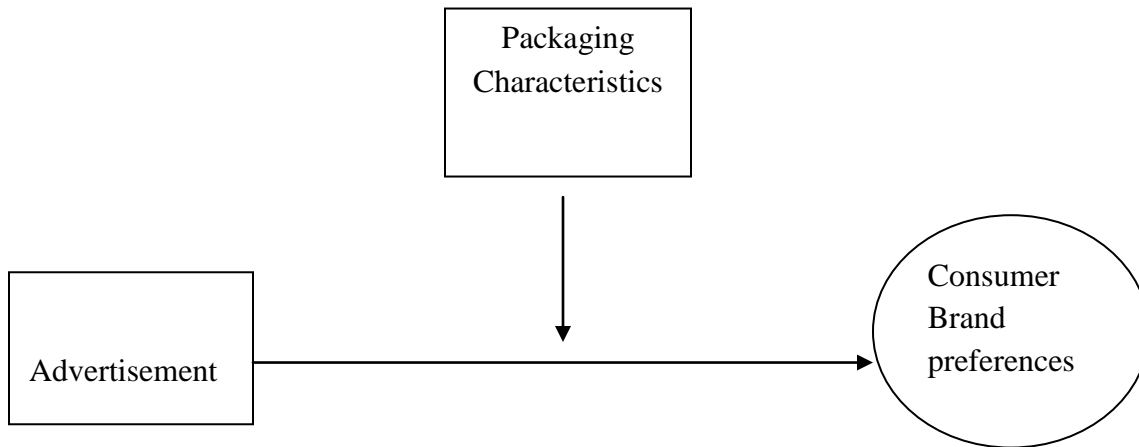
Packaging characteristics is also a protection of products and brands from being damaged or consumers being contaminated if in-contact with the packaging (Grundvag & Ostli, 2009). Packaging is also used an effective source of communication and maintain the brand (Rettie & Brewer, 2000). Mitchell and Olson 1981 suggested that “Brand preference (or attitudes) can be regarded as a consumer's predisposition toward a brand that varies depending on the salient beliefs that are activated at a given point in time”. Some of the empirical studies in this area are as follows:

Chandrima (2009) conducted the research on “The impact of electronic and print media on consumers brand preference.” The results of this study found out that “people notice advertisements and the awareness level of the brand is increased showing intention of purchasing and being loyal to the brand”. Tendon (2011) assessed the “Impact of advertising on the brand preference of tea. This research study showed that 72.4% respondents feel advertising accounts create awareness of the brands. Michael (2012) had conducted a research on “Impact of Media on Consumers’ Brand Preference in Carbonated Beverage Market with Reference to Coca-Cola”. The collected data from the survey shows that “brand preference exists in the carbonated beverage Market and the media efforts affect consumer preferences and their brand choice”. This research study finds the impact of both the variables advertisement and packaging on consumer brand preferences. It covers two important aspects of consumer buying decisions and brand preferences.

## **Objectives**

- To study the role and importance of advertisement and packaging characteristics in FMCG Sector.
- To study the relationship between advertisement and consumer brand preferences in FMCG sector.
- To find the mediating effect of packaging characteristics between advertisement and consumer brand preferences in telecom sector.

## Theoretical Framework of the Research study



### Hypotheses:

Hypothesis One (H1): There is a significant impact of advertisement on consumer brand preferences in FMCG Sector.

Hypothesis Two (H2): There is a mediating effect of packaging characteristics between Advertisement and consumer brand preferences in FMCG Sector.

### 3. Research Methodology

In 2002, Creswell said that quantitative studies are used to examine the relationship between the variables. This research study was quantitative in nature. A stepwise regression analysis was applied to determine the existence of mediating effect of packaging between advertisement and consumer brand preferences. This study adopted a field survey using structured questionnaire in which advertisement is an independent variable, packaging characteristics is a mediating variable and consumer brand preference is a dependent variable.

### Sample

The respondents were from prominent FMCG companies. The sample size of the study was 101. There were 67 male (66.34%) and 34 female (33.66%). The average age of the respondents was 34 years with a standard deviation of 3.7 years. The educational qualification shows that 57 (56.44%) of the respondents have master degree and 44(43.56%) have bachelor's degree.

In order to determine the role of packaging characteristics and advertisement on consumer brand preferences, a structured questionnaire had been designed to collect the data from the respondents. In the sampling stage, the study is based on a convenience sample of 101 customers. There were 150 questionnaires distributed to the respondents, 109 filled questionnaire were received out of which 8 questionnaire were incomplete. The usable questionnaire was 101 for the study.

### **3.1 Survey Instrument**

The proposed conceptual model was tested through structured questionnaire comprising all the components of the study: packaging characteristics, advertisement and consumer brand preferences. 5 points Likert scale was used for the study. The scale is: 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. In order to test the research hypotheses, collected data helped to examine the relationship between the independent variable, mediating variable and depending variable of the study. The data of the study was analyzed in SPSS 21. A stepwise regressions analysis was applied and also reliability test to find the internal consistency of the instrument and multicollinearity to find the evidence of multicollinearity between the two independent variables.

### **Reliability**

In 1978, Nunnally suggested that the minimum standard of Cronbach's alpha is 0.7 to conclude the reliability of the instrument. The Cronbach's alpha for packaging characteristics, advertisement and consumer brand preferences are 0.73, 0.79 and 0.81 respectively.

### **4. Data Analysis and Hypothesis Testing**

In order to test the research hypotheses, stepwise regression analysis was used. The hypotheses are tested at 5% level of significance. The decision rule is if p-value is greater than 0.05 then null hypothesis is cannot be rejected and if p-value is less than 0.05 then alternative hypotheses is accepted (Creswell, 2009). To test the multicollinearity between the independent variables packaging characteristics and advertisement, collinearity diagnosis is applied. In order to find

multicollinearity, Variance Inflation Factor (VIF) and tolerance were investigated. The VIF value exceeds 10 and a tolerance less than 0.2 or 0.1 that indicates multicollinearity, in this study the VIF is between 2.345 and tolerance values from 0.657. These factor shows that there is no evidence of multicollinearity Also the Pearson’s correlation coefficient value is between 0.594 , this also shows no evidence of multicollinearity between packaging characteristics and advertisement .

The results of the two hypotheses are presented in the table. The results reflect that there is a positive relationship between the independent variables packaging characteristics and advertisement with consumer brand preferences. The statistical tool used to test the hypothesis is stepwise regression. Stepwise regression is used to understand the impact of advertisement on consumer brand preferences and also to find the role of mediating effect of packaging characteristics between advertisement and consumer brand preferences. . The correlation coefficient between advertisement and consumer brand preferences is 0.812 and after the mediating effect of packaging characteristics the multiple correlation coefficients between advertisement and consumer brand preferences increases to 0.838. The  $R^2$  value is 66 %, indicates that advertisement explains 66% to consumer brand preferences. After the mediating effect of packaging characteristics it increases up to 70.2 %. There is an increase in 4.2 % after the addition of packaging characteristics. Therefore, this study concludes that there is a significant effect statistically of advertisement on consumer brand preference and also there is a positive mediating effect of packaging characteristics between advertisement and consumer brand preferences.

Constructs	R	$R^2$	F	Sig
Advertisement	0.812	0.66	195.721	.000
Packaging characteristics	0.832	0.70	117.978	.000

a. Dependent Variable: consumer brand preferences

b. Predictors: (Constant), Advertisement

c. Predictors: (Constant), packaging characteristics

Thus, the first hypothesis, states that "**there is a significant impact of Advertisement on consumer brand preferences**". This hypothesis has been accepted; it was found that the Advertisement had a positive significant impact on consumer brand preferences.

The second hypothesis stated that "**there is a mediating effect of packaging characteristics between Advertisement and consumer brand preferences**". This hypothesis was accepted; it was found that the packaging characteristics has positive mediating effect between advertisement and consumer brand preferences.

## **5. Discussions and Implications**

This study has formulated a theoretical model between advertising, packaging characteristics and consumer brand preferences. The result of this study shows that there is a significant impact of advertisement on consumer brand preferences. This study also shows that there is a mediating effect of packaging characteristics between advertisement and consumer brand preferences. The obtained data from the survey supported the motion that brand preference exists in the FMCG sector and that advertising efforts can affect product preferences. It was also observed that the color of the package plays a role in brand preference. It was finally revealed that changes in packaging shape are moderately correlated with changes in brand preference. It is also supported by extant literature.

## **6. Conclusion, Limitation and Future direction of Research**

The result of this study shows that there is a significant impact of Advertisement on Consumer buying preferences. Also there is a positive mediating effect of packaging characteristics between the advertisement and consumer buying preferences. Advertising has a major influence on consumers' preference in the FMCG sector contributed to its success. This study is related to FMCG sector, the focus may be like on the other sectors. However, as with all research, there were some limitations that should be noted. The sample size can be increased and area of the study can be changed. Major share of the respondents stated that poor packaging and no advertisement is major problem in the buying decision and consumer brand preference. The firm should provide good packaging, labeling, and advertising for the persons who get motivate themselves and their relatives and friends to avail FMCG product.



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SUNDAY STEPHEN AJEMUNIGBOHUN AND SUNDAY ADEKUNLE ADULOJU  
792

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