

IMPACT OF PACKAGING TO CONSUMER BEHAVIOR ON INCENSE PRODUCT IN INDONESIA

Dewi Tamara^{1*}, Ni Kadek Winie Kaori², Sewaka Kosasih Muljadi³, Renaldy Kusumajaya⁴

^{*1, 2, 3, 4}Magister Manajemen BINUS Business School, Universitas Bina Nusantara, Jl. Hang Lekir I No. 6, Senayan, Kebayoran Baru, Jakarta Selatan, DKI Jakarta, Indonesia

***Corresponding Author:-**

Abstract:-

This study was done to establish the correlation between packaging and consumer's buying behavior. The main purpose of this research is to find out the determining factors that affect the success of a brand. This research also indicates and count in the factors between the dependent and independent variables. This is the primary research and data has been collected through questionnaire and for analysis purpose SPSS software has been used. Researchers have collected and analyze 175 data from respondents to test the reliability of the model. The conclusion of the finding in this research is that packaging is one of the determining factors of branding and could be the make-or-break factors for customers to decide whether they would purchase a product. Each element is of utmost importance to be observed; namely colors, packaging materials, and design.

Keywords: - *Incense, packaging, consumer behavior, Bali, Indonesia*

INTRODUCTION

PACKAGING is a package or container of product to keep the products safe and organized. However, the function itself have evolved to be more than just a container, it acts as a mean of brand identification, purchasing safety and a big part of a product's promotional tool.

Customer's buying behavior are affected by many aspects of packaging, to name a few; color, wrappers, quality. This triggers a psychological effect, in which affect the buying decision and behavior of a customer that leads to a purchase. For the seller itself, packaging plays a major role, in which good designs could affect the increase of sales or production costs.

Previous researches show that there is no agreement on overall classification of packaging material and package elements. There is also disagreement regarding the methods of package impact on consumer's buying behavior decision. Several researchers attempt to examine all potential elements of packaging and their effect on consumer's buying decision (Butkeviciene, Stravinskiene & Rutelione, 2008), however other focus on distinct elements of packaging and their influence on consumer purchasing behavior (Ampuero & Vila, 2006).

Researchers had done some prior research to this topic. Some earlier publications believed that there are no correlations between packaging and consumer buying behavior. However, more recent findings on relating subject and as per the analysis of researchers of this academic paper, lead to the conclusion that indeed there is a very significant correlation between the two factors.

Some researches that supports the findings are listed here. According to Rundh (2005) package appeals consumers' attentiveness towards a certain brand, increases its image, and stimulates consumer's perceptions about product. Underwood, 2003; Silayoi & Speece, (2007) also believes that packaging creates a sense of value to the product, which supports Rundh prior's comment. In another research, it was stated that "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" (Wells, Farley & Armstrong, 2007).

Following the lead of these prior researches, the researchers of this academic paper analyzed and elaborate how big of an impact is packaging on a product sale, and all of it's determining variables. Some of the determining variables that we have looked into are brand image and advertisements, specifically how they may shape customer's attitude and buying decisions through the means of packaging. This particular study observes the multiple factors that drives a customer to decisions that will eventually lead them to purchase a product.

This paper then proposes a research question: "What effect does innovative packaging have on affecting the purchasing decision of consumers?"

This paper will discuss thoroughly on the effect of packaging and how it correlates and drive consumers to relate it to a certain idea or values. The researchers of this paper believe that different parts of innovative packaging could alter consumer's perception and even create a specific value to a product. "Moreover, package imparts unique value to products, work as a tool for differentiation, helps consumers to choose the product from wide range of similar product, stimulates customer buying behavior. Despite the increase in point of purchase decisions heightening the communication potential of product packaging, empirical research works on understanding whether packaging attributes create consumers subsequent product and brands evaluations and perceptions is scant" (Edward et al., 2013).

Therefore, the objectives of this research are as follows:

1. To find out the correlation between innovative packaging and how it stimulates buying decisions of consumers.
2. To detect the important elements that should be included on a product's packaging to encourage purchasing.
3. To understand which of the packaging elements affect and attract consumer.
4. To indicate which elements should be made prominent over others while making decisions on the design of the packaging?

LITERATURE REVIEW

Packaging Colors

According to Keller (2009), colors play an important role in a potential customer's decision-making process. For companies, different colors in logo is used to emphasize a different mood, like, black is used for power, blue for trust, red for energy, green for balance or organic and fresh.

Poturak (2014) summarizes that colors have a strong impact of customer's perception. The color on packaging also affect the customer's decision on buying the product. Color is one of key element of design that is vivid and memorable for customers. The consumer will be able to recognize at once of the product by seeing the color. Different color will have different meaning for consumer's perception. For example, green is for balance and the color of money, blue is precepted as trust, red for energy or anger, and so on.

Back in 1957, Cheskin (1957) already said that colors selection and combination will be an imperative on creating attractive package. Gofman (2010) mentioned that the right choice of colors will create difference impression on product and brand selection from customers. Different colors on packaging also will differentiate one product from another, one brand from another. Garber (2000) mentioned that package color is an integrated element of the promotional mix including the brand equity of the product.

2.2 Packaging Quality

Lamb et al., (2011), mentioned that packaging not only holds, protect and promote the product, at this day of age packaging needs to be environmentally friendly too. It reflects on the brand where do their product wastes end up in, whether they are environmentally friendly or damaging to the cause of the earth and population. Using a material that is considered “responsible” creates a positive brand image to customers or even attract new ones.

Sustainability is to be considered when conceptualizing packaging.

Bone and France (2001) argued that Product packaging graphics, however, can be used to strengthen or weaken the marketer’s explicit verbal claims or to generate inferences that could conflict with the verbal information “. The whole company’s quality is judged based on the presentation of their packaging. It means that sometimes it is better to provide information through simpler yet sophisticated design, rather than confusing long explanations which would bore the consumers. Hence why, designs must be innovative and eye catching. “Packaging is a communication device providing details about the product, including price, contents, ingredients and nutritional values as well as cooking instructions and recommended used by dates” (Ahmed & Salman, 2005). Having known this, companies must invest a lot of thoughts in innovative designs to conclude all these messages into an attractive and purposeful packaging.

Poturak (2014) argued that arial of packaging is important element which prevents the product from loss. High quality material will attract customers more than a low (Shah, Ahmed, & Ahmad, 2013).

There are at least four primary roles of consumer product packaging in the value chain; containment, protection, communication and utility. Product containment and protection serve discrete purposes and suggest a baseline of functional performance. Product communication informs consumers about package contents and facilitates the “first moment of truth” or product selection. Measuring the effectiveness of containment, protection or even communication is relatively straightforward.

2.3 Packaging Design

According to Hess, Metcalf, Singh and Danes, (2014) packaging of the goods should meet physical containment, protection standards, complied with informational requirements to stimulate sales. To measure the effectiveness of package utility will be at the hands of consumer regarding utility, including ease of opening, consumption and disposal. The moment of truth is the tactile experience with the package during utilization or consumption. It has profound impact on product evaluation and consumer perception of the brand value. Packaging is very crucial because to fulfill the success in marketing, distribution and promotion based on shelf volume impact and their visual appeal.

2.4 Consumer Behavior

According to The Business Dictionary, “Consumer Behavior is the process by which individuals search for, select, purchase, use and dispose of goods and services, in satisfaction of their needs and wants”

(<http://www.businessdictionary.com/definition/consumer-buying - behavior.html>).

To put it simply, Engel, etal. (1986,5) define consumer behavior as “those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts”.

One of the biggest aspects to observe when marketing a product is to understand the behavior of the target market of the product. The knowledge of the demographics of these target market could help marketer to understand the needs and wants of the specific social group and the right way to deliver their message to be heard by the audience. There are many factors that could influence the needs and wants of the targeted groups, for example; environment, age group, gender, family values etc. These factors are of course cultural, personal and often psychological. Taking into accounts all these factors help marketers to design their product and packaging innovatively, so that they could increase the sales by hitting the right marks on their customers. A huge part of the study should be invested in making an innovative packaging as it will be the striking image that they send out when trying to sell a product.

There are two factors that knowingly influence consumer’s decision making, ‘risk aversion’ and ‘innovativeness’. “Risk aversion is a measure of how much consumers need to be certain and sure of what they are purchasing” (Donthu and Gilliland, 1996). This means that highly risk adverse customers need to be fully certain and confident of what they are purchasing, whilst the less risk adverse have some tolerance to their expectations.

Meanwhile innovativeness is defined as “global measure which captures the degree to which consumers are willing to take chances and experiment with new ways of doing things” (Donthu and Gilliland, 1996). This means that with the promise of being innovative, the highly adverse customers could also likely try new things and take risks. Therefore, the importance of being innovative when selling a product.

Perception is very personal to each individual. Based on their backgrounds, cultural factors, values, and other demographics, individuals’ filters data and analyze information independently. They will draw their own meaning from what they have analyzed.

Each consumer has wants and needs and based on the two factors they would determine what and where to shop. Sheth (1983) categorized these motives into two groups: functional and non-functional. The functional motives are based on needs and urgencies, meanwhile the latter entails motives that are secondary, such as recreation.

A person’s behavior is affected by many things, some of which are external factors. In order to study consumer’s behavior and their purchasing decision, researchers must take into account the external factors in the environment that could trigger different results of decision making. It is believed that a person’s behavior is usually conditioned and situational.

Researchers have proposed models to study learning principles e.g., Thorndike (1911); Watson and Rayner (1920), this view is represented by two major approaches to learning:

‘Classical conditioning’ and ‘instrumental learning’. Watson and Rayner believed that “Classical conditioning occurs when a stimulus that elicits a response is paired with another stimulus that initially does not elicit a response on its own. Over time, this second stimulus causes a similar response because it is associated with the first stimulus.”

To understand the conditioning itself, one must refer to Pavlov’s famous research, in which he triggers the salivation in a dog using a bell. The dog was then conditioned to respond in a certain way due to the exposure that it receives. The same goes with marketing a brand; a product is successfully marketed when it creates a “thirst” when one relates to the brand.

Therefore, the packaging of the product itself, should create the “thirst” sensation, so that customers would want to keep buying the product.

2.5 Incense Product

Incense is an aromatic material that are burned down and release a certain fragrantly smoke. People used incense dated back as early as 2000 BC, and nowadays are used in many religious practices for their rituals, ceremonies, celebration and festivals. The extension of incense usage is for therapy, meditation, or even drive away insects.

The incense is made of bamboo or charcoals. Each stick is coated with sawdust and they also keep the smells. They are then mixed with different plants that create the fragrance. Fragrance comes from essential oils and natural ingredients such as sandalwood, frangipani, etc. There are two types of incense: indirect burning or direct burning. Indirect burning needs a flammable source while the direct burning is more combustible.

India produced more than 70% incense sticks market in the world. The price is 3,000 Rupee and as a part of the organized industry. According to Anshul Agarwal, Director of Mysore Deep Perfumery House (MDPH), the incense sticks industry in India is generating over Rs 400 crore through exports. Currently, India is exporting incense to USA, UK, UAE, Belgium, Brazil and Argentina among several other countries. The exports of incense sticks have also witnessed a jump of over 30 per cent from five years ago period. This is significant because the Made in India incense are competing with cheaper products from China and Taiwan among other South East Asian countries. Despite the challenge of cheaper products from China, Taiwan and other South East Asian countries, India has managed to export over Rs 400 crore worth of incense sticks in 2016-17, which is almost 10 per cent of the global incense market in the world.

The company, CV. Chanda Kaori Sandoz is a company which produce incense aromatherapy in Bali, and the owner is Mrs Ni Kadek Winie Kaori and her family. Kaori Group was founded in April 2010. It started from a small activity in garage house which were used as place for learning on incense making method. Now Kaori Group has develop into a company that has many diversification product in servicing the society. Kaori Group is well known to Balinese people nowadays, where they want to create an international product in 2020, from Bali to the world. They also wish to join the competitive market in globalization era. They have a mission for involving all stakeholders included most of balinese people, to actively take action in using a local products and all domestic products which is of the same quality as their foreign competitors. It is hoped that this movement can encourage the growth of the overall economic development.

With the motto: Love, Trust and Care, they are trying to sinergize implementation between production, distribution and services satisfactory for consumer’s needs. Quality product and proper packaging strategy is the most important point to peak customer’s interest and followed by a commitment for giving the sustainable service excellence.

Research Model

The dependent variable of this research is consumer buying behavior. This research follow Bhasin (2018) that presents the consumer buying behavior relates to packaging design, quality and innovative design. The hypothesis are as follows: H1 = Correlation of packaging colors and consumer buying behavior H2 = Correlation of packaging material quality and consumer buying behavior H3 = Correlation between innovative design and consumer buying behavior.

The target population of this research are individuals within a certain set of demographic groupings that will be observed to generalize a conclusion. They will have various common characteristics and the result from the survey of the targeted population will be used to conclude on the basis of evidence.

The target populations are specifically defined to factor in whether or not one is eligible to be included as part of the survey. We have gathered a target population of about the same demographics and narrow them down to a smaller target sample of 175 sampling data.

Target sample, or better known as sampling, is the process of narrowing a representative group from within the specified target population. They are chosen to be active participants of the study and considered eligible as they fall into categories in which researchers believe to be able to provide useful information for the development of the research.

The samples are based on the Kaori Incense target customers. The demographics of the target samples are:

- Balinese
- Living in Bali
- Mainly women
- Age 17 – 55
- Frequent purchaser of Kaori incense.
- Middle class income
- Purchase Kaori incense for multiple purposes

Based on the observation and analysis of these target samples, we were able to analyze and learn about their consumer behavior. Target customers or target markets are a group of population that a product wish to grasp as customers. There are many factors to identify these groups, for example they may have the same interests, preferences, lifestyles or basically have the same needs. Brands develop their products by studying their target customers to make sure that they are able to satisfy the needs, wants and expectations of the specified products.

The target customers of Kaori incense is still mainly Balinese, regardless of genders, as everybody may need to use incense in their daily practice. They are usually of middle-class family that still holds values and religious tradition within their lives.

The approach of the research is both quantitative and qualitative to gain fairer conclusion. Whilst a sample size that is too small could be inconclusive and bias, or too big may be too broad and just as inconclusive. We have gathered 175 samples of the population to study and analyze. They come from within the demographic of Kaori incense target markets. Most of them have already made up their minds about the products and merely filling in survey sheets. In testing the sample size, we can reject the null hypothesis by the conclusion of the sample size, and believe that there is a relationship between the phenomena of innovative packaging and consumer buying behaviours. Data collection method is crucial in a research study. For this paper, researcher believe that accurate data can be collected from customers of Kaori incense customers, relying on both qualitative and quantitative methods. To collected data, researchers used survey.

RESULTS AND DISCUSSIONS

Table: 1 Descriptive statistic (Buying Behavior)

	N	Min	Max.	Mean	Std. Deviation
Consumer Buying Behavior (Valid N)	175	1	5	3,82	0,46

Table: 2 Descriptive statistic (Packing Color)

	N	Min.	Max.	Mean	Std. Deviation
Packing Color Valid N	175	1	5	3,74	0,48

Table: 3 Descriptive statistic (Quality Packing)

	N	Min	Max.	Mean	Std. Deviation
Quality Packing Valid N	175	1	5	3,90	0,54

Table: 4 Descriptive statistic (wrapper design)

	N	Min	Max.	Mean	Std. Deviation
Wrapper design Valid N	175	1	5	3,65	0,49

Hypothesis: There is a strong correlation between consumer behavior and innovative packaging design.

Tabel 6 Correlation Buying Behavior & Packing Color

	N	Buying behavior	Packing Colour
Buying Behavior	Pearson Corelation	1	0,667
	Sig. (2-tailed) N	175	0,000
Packing Color	Pearson corelation	0,667	1
	Sig. (2-tailed) N	0.000	175

** Correlation is significant at the 0,01 level (2-tailed)

The table 6 represent and shows correlations between the two variables of Consumer Buying behavior and innovative packaging colors. They are positively correlated ($r = 0,667$, $p = 0,000$). There is a degree of connections between the two variables, which means that colors can be used as a factor to attract consumers. Consumers like the colored packaging of Kaori incense.

Hypothesis 2: There is relationship between Buying Behavior and Quality of Packaging

Table 7 Correlation Buying Behavior & Materials of Packaging

	N	Buying behavior	Materials of Packaging
Buying Behavior	Pearson Corelation	1	0,687
	Sig. (2-tailed) N	175	0,000
QualityPacking	Pearson corelation	0,687	1
	Sig. (2-tailed) N	0.000	175

** Correlation is significant at the 0, 01 level (2-tailed)

Table 7 represent correlations between consumer buying behaviours to the materials of packaging. Where two variables Buying Behavior and quality Packing are positively correlated ($r = 0,687$, $p = 0,000$). There is a degree of connections between the two variables, and consumers prefers to have a better quality of materials for packaging.

Hypothesis 3: There is relationship between Consumer Buying Behavior and Packaging Design

Table 8 Correlation Buying Behavior & Design

	N	Consumer Buying behavior	Packaging Design
Buying Behavior	Pearson Corelation	1	0,677
	Sig. (2-tailed) N	175	0,000
Wrapper Design	Pearson corelation	0,677	1
	Sig. (2-tailed) N	0.000	175

**Correlation is significant at the 0,01 level (2-tailed)

Table 8 represent the table of correlations. The two variables of consumer buying behaviours and design is positively correlated ($r= 0,677$, $p = 0,000$). The H3 is accepted because there is proven to be a relation between the variables and they are positively correlated. Designs affect consumer's buying behavior.

CONCLUSION AND RECCOMENDATIONS

Result of research study regarding the role of packaging on consumer's buying behavior is concluded by researchers:

1. There is a strong correlation between packaging and consumer's buying behavior. The important elements have been identified as colors, quality materials of packaging and the presentation of eye-catching design.
2. Packaging should be regarded as one of the most useful tool in marketing a product, to convey and communicate to the right target audience, as they drive the consumer's buying behavior and usually the judge of the make or break of purchasing a product.
3. Researchers concluded that the visual elements of packaging convey stronger nonverbal messages than verbal or written notice. Therefore the elements stated above needed a lot of time and investment to be able to deliver to the right target market.
4. Based on this research, CV. Chanda Kaori Sandoz Company receives mostly a positive feedback about their products, but that does not specify exactly that it is only from the packaging. However, a well-designed product seems to receive higher and better response and consumers will relate them better with the quality of the product.
5. Based on demands, consumers are comparing the product's quality based on their packaging. Therefore, showing the importance of a thoroughly designed product that could reflect the functions.

RECOMENDATIONS

1. The product should be colourful but clean looking, secure and of a responsible quality material.
2. Packaging innovation should be an ongoing process, as the product grows, to help customers relate and appreciate the improvement.
3. There should be a scheduled survey for consumer's needs and input in regards to product packaging, to keep up with the demand of customers as well as trends.
4. Researchers believes that culture is a big aspect to be selling a product in Bali. The preferences of colors, for instance, differentiate between the demands of the Western and Eastern world. To expand internationally, it is better to conduct another cultural research for packaging that will be suited appropriately to a different demographic of target market.
5. While packaging plays a very big role in marketing, CV. Chanda Kaori Sandoz Company should also consider other factors, especially in launching a newer product.
6. There should be an expansion of research, broader than just packaging for marketing, to see the full potential of using marketing to drive consumer's behavior.

REFERENCES

- [1].Ahmed, R.R., Ahmad, N., Parmar, V., Khoso, I., 2014. Role of Packaging and Labeling on Pakistani Consumers Purchase Decision, *European Scientific Journal*, 10 (16): 464473.
- [2].Ampuero, O., & Vila, N., 2006. Consumer perceptions of product packaging. *Journal of Consumer Marketing*, 23(2), 100-112.
- [3].Bloch, P.H., 1995. Seeking the ideal form: product design and consumer response. *Journal of Marketing*, 59 (July), 16-29.
- [4].Butkeviciene, V., Stravinskiene, J., & Rutelione, A., 2008. Impact of consumer package communication on consumer decision making process', *Inzinerine Ekonomika Engineering Economics* (1),
- [5].Donthu and Gilliland, 1996. The Informercial Shopper. *Journal of Advertising Research* 36(2) 69-76
- [6].Erzsebet Hetesi1 - Zoltan Veres, 2007. An empirical investigation on loyalty. The case of packaging industry.
- [7].Rundh, B., 2005. The multi-faceted dimension of packaging. *British Food Journal*, 107 (9), 670-684.
- [8].Saeed, R., Lodhi, R.N., Rauf, A., Rana, M.I., Mahmood, Z., and Ahmed, N., 2013, Impact of Labelling on Customer Buying Behavior in Sahiwal, Pakistan. *World Applied Sciences Journal* 24 (9): 1250-1254.
- [9].Silayoi, P., & Speece, M., 2007. The importance of packaging attributes: a conjoint analysis approach. *European Journal of Marketing*, 41 (11/12), 1495-1517.
- [10]. Underwood, R. L., 2003. The communicative power of product packaging: creating brand identity via lived and mediated experience. *Journal of Marketing Theory and Practice*, winter, 62-76
- [11]. Watson, John B.,and Rosalie Rayner, 1920. Conditioned emotional Reactions. *Journal of Experimental Psychology* 3.1:1
- [12]. Wells, L.E., Farley, H., & Armstrong, G.A., 2007. The importance of packaging design for own-label food brands. *International Journal of Retail & Distribution Management*, 35 (9)677-690.