IMPACT OF PACKAGING ON ORGANIZATIONAL SALES TURNOVER: A CASE STUDY OF PATTERZON ZOCONIST CUSSONS (PZ) PLC, NIGERIA.

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Abstract
Packaging is an important part of the branding process as it plays a role in communicating the image and identity of a company. This research paper examined the impact of packaging on organizational sales turnover. Structured questionnaire was employed to collect data with the aid of face to face interview from eighty participants through purposive sampling method. Inferential statistics was used to analyze the data, specifically, ordinary least squares multiple regression method was employed with aid of statistical package for social science (SPSS) version 16. Result showed that packaging has significant effect on sales turnover. Result also found that packaging and other factors such as brand name, pricing and promotion jointly predict organizational sales turnover, which accounted for 98% variance of sales turnover. The study concluded that a specific package must be developed for each product because variations in packaging can make a product saleable in various target markets.

Keywords: Packaging, Brand name, Pricing, Promotion, Sales turnover and PZ Cussons

Introduction
Packaging is a very important marketing strategy to glamorize 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. Packaging should definitely be included in the 4
major P’s of marketing (product, place, promotion and price) (Soroka, 2002). Diana, (2005) believe that most consumers judge a product by its packaging before buying. So it is logical to say attractive packaging is crucial in order to get the first time buyers to buy your products. Without attractive packaging, who would buy it in order to try it? Your first step to enter the market is crushed if the packaging is ugly (Soroka, 2002). The basic function of packaging is to “preserve product integrity” by protecting the actual food product against potential damage from “climatic, bacteriological and transit hazards” (Stewart, 1995).

However, the first to define packs as the “silent salesman” was Pilditch in 1957, who argued that the pack must come alive at the point of purchase, in order to represent the salesman (Vazquez et al., 2003). About 30 years later, Lewis (1991) expanded further on Pilditch’s views, stating that “good packaging is far more than a salesman, it is a flag of recognition and a symbol of values”. Given that only a small minority of brands are strong enough to justify the investment that national advertising requires, for the rest, packaging represents one of the most important vehicles for communicating the brand message directly to the target consumer (Nancarrow et al., 1998). As the retail environment becomes saturated with competitors varying for consumers’ attention, packaging has to work harder than ever if the product is to be noticed through the congestion of competitive products (Milton, 1991). Alongside this challenge, retailers are faced with the realisation that consumers not only differ in how they perceive brands but also in how they relate to these brands (Fournier, 1998; Muniz and O’Guinn, 2001). It on this premises that this research paper wishes to examine the impact of product packaging on product performance with special reference to PZ Cussons Nigeria Plc

**Literature Review**

Olayinka and Aminu (2006) see packaging as all activities of designing and producing the container or wrapper for a product. Kottler (2003) defines packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005).
Bix et al (2003) highlight objectives of packaging and labeling as follows:

- **Physical protection** – The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature (Choi, 2007) etc.

- **Barrier protection** – A barrier from oxygen, water vapor, dust, etc., is often required. Keeping the contents clean, fresh, sterile (Lee Ki-Eun et al, 1998) and safe for the intended shelf life is a primary function.

- **Containment or agglomeration** – Small objects are typically grouped together in one package for reasons of efficiency. For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.

- **Information transmission** – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. Some packages and labels also are used for track and trace purposes.

- **Marketing** – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product.

- **Security** – Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident (Severin, 2007) features to help indicate tampering. Packages can be engineered to help reduce the risks of package pilferage: Some package constructions are more resistant to pilferage and some have pilfered indicating seals. Packages may include authentication seals and use security printing to help indicate that the package and contents are not counterfeit. Packages also can include anti-theft devices, such as dye-packs, tags, or electronic article surveillance (Zabaniotou, 2004) tags that can be activated or detected by devices at exit points and require specialized tools to deactivate. Using packaging in this way is a means of loss prevention.

- **Convenience** – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal.

- **Portion control** – Single serving or single dosage packaging has a precise amount of contents to control usage. Bulk commodities (such as salt) can be divided into packages.
that are a more suitable size for individual households. It is also aids the control of inventory: selling sealed one-liter-bottles of milk, rather than having people bring their own bottles to fill themselves.

The Strategic Importance of Packaging

Chaneta, (2012) sees strategic planning which tries to match target market needs and attitudes with the marketing mix offered and packaging is definitely a part of the mix. In some cases, it may be a vital part. A new package can become the major factor in a new marketing strategy by significantly improving the total product. A better box, wrapper, can or bottle, may even enable a relatively small, unknown firm to compete successfully with the established competitors. A new package change often creates a (new) product by giving either the regular customers or new target markets the existing product in a new form or quantity that is more satisfactory. Packaging frozen vegetables in 1 liter instead of 10 milliliter package served larger families better. The small package held too little for them, while two packages held too much (Chaneta, 2012).

Choi, (2007) believes that better protective packaging is especially important to manufacturers and wholesalers, who may have to absorb the cost of goods damaged in transit. Sometimes the cost of such damage can be charged to the transportation agencies. Moreover, goods damaged in shipment may delay production or cause lost sales. Frankling (2004) also agrees that packaging is vital to retailers, they benefit from both the protective and promotional aspects of packaging. Packaging which provides better protection, supermarket operators claim, can reduce store costs by lessening breakage, shrinkage and spoiled, preventing discoloration and stopping pilferage (Chaneta, 2012). Packages that are easier to handle can cut costs by speeding price marking, improving handling and display, and saving space. Chaneta,(2012) says that packaging can increase sales by such promotionally-oriented moves as offering smaller or larger sizes more multipacks, better pictures of the product itself, illustrations of the product in use and more effective use of color.

Packaged goods are regularly seen in retail stores and may actually be seen by many more potential customers than the company’s advertising. An effective package sometimes gives a firm more promotional impact than it could possibly afford with conventional advertising efforts. Promotionally-oriented packaging also may reduce total distribution costs. An attractive
package may speed turnover so that total costs will decline as a percentage of sales. Rapid turnover is one of the important ingredients in the success of self-service retailing. Without packages, self-service retailing would not be possible (Chaneta, 2012). Chaneta, (2012) agrees that costs may rise because of packaging and yet everyone may be satisfied because the packaging improves the total product, perhaps by offering much greater convenience or reducing waste.

**Criticism of Packaging**

In spite of the enormous and growing importance of packaging, some consumers complain about partially filled packages, while others are confused by the many and varied sizes. Critics of business allege that some package designs are misleading, perhaps deliberately so. They feel that the great variety of package designs makes it difficult for consumers to make value comparisons readily (Chaneta, 2012). Criticisms of packaging as in the public eye today, largely because of environmental issues. Specific concerns are:

- Packaging depletes our natural resources
- Packaging is excessively expensive
- Health hazard occur from some forms of plastic packaging and some aerosol cans
- Packaging is deceptive
- Packaging contributes to or generates solid waste disposal problem.

**Brief history of PZ Cussons in Nigeria**

PZ Cussons plc is engaged in the manufacturing and distribution of soaps, detergents, toiletries, pharmaceuticals, electrical goods, edible oils and nutritional products. The segments of the Company are toiletries and household; food and nutrition, and electrical goods. The geographical segments of the Company are Africa, Asia and Europe. On January 29, 2008, the Company completed the acquisition of The Sanctuary Spa Holdings Limited and its wholly owned subsidiaries.
PZ Cussons Nigeria Plc, the largest subsidiary of PZ Cussons, has enjoyed tremendous business success in Nigeria for over a century.

**Locations:** Head office in Lagos, manufacturing units in Ilupeju, Ikorodu, and Aba

**Activities**
Manufacture and marketing of soaps, detergents, health and beauty products, electrical goods and nutritional products

**History**
- 1899: Business commenced as a traditional West African Merchant
- 1948: PZ acquires the soap factory of PB Nicholls & Co Ltd
- 1953: Name changed to Alagbon Industries (Associated Industries in 1960)
- 1976: Name changed to Paterson Zochonis Industries plc
- 2003: PZ Cussons Plc enter into a joint venture (Nutricima) with Glanbia Plc to supply evaporated milk and milk powder in Nigeria
- 2005: Nutricima commences manufacture in Nigeria
- 2007: Name changed to PZ Cussons Nigeria Plc
- 2010: PZ Cussons Plc enters into a joint venture (PZ Wilmar Ltd) with Wilmar International to build a palm oil refinery in Nigeria and build up an associate food ingredients business

**Main brands**
- **Detergents:** Elephant, Zip, Jet, Tempo, Rex, Morning Fresh
- **Soaps:** Premier, Imperial Leather, Joy, Duck, Canoe, Drum
- **Pharmaceuticals:** Super Atlas, Maladrin, Zubes
- **Medicaments:** Robb, Heatol, Super Robb, Medicated Dusting Powder
- **Haircare:** Venus, Joy
- **Baby Care:** Nigerian Baby Care, Cussons Baby Range
- **Skin Care:** Venus, Stella Pomade, Joy, Carex
- **Perfumes:** Dan Duala, Venus Gold, Joy Cologne
- **Household Appliances:** Haier Thermocool, TEC
- **Consumer Electronics:** Haier Thermocool
- **Nutrition:** Coast, Nunu, Olympic, Bliss, Yo!

**Source:** Field Survey, 2012
Methodology

Research sample and Data collection

The study covered eighty (80) respondents, precisely, twenty (20) customers, fifteen (15) retailers, ten (10) distributors and thirty five (35) staff of PZ were randomly selected in Ibadan metropolis, Oyo state, Nigeria. A structured questionnaire was used in gathering relevant data from the respondents. 80 questionnaires were filled and returned by the respondents.

Measuring instrument

In respect to measuring the reliability of the scale, the reliability coefficients (Cronbach’s ) of the packaging, brand name, price and promotion were 0.83, 0.75, 0.87, and 0.77 respectively. Organizational sales volume scale was used to assess respondents’ level of their organizational sales volume compared with their competitors. The scale was subjected to item analysis in order to ensure it is valid and reliable and it yielded reliability alpha of .76.

Model Specification and Analytical Technique

To evaluate the impact of packaging on sales volume, there is also the need to evaluate the relationship between Sales and other factors that may influence it. This is because the effect of packaging on sales volume cannot be adequately captured in isolation. To achieve this, a standard multiple regressions was formulated taking into cognizance four variables that have been identified as major determinants of sales volume. This factors namely Packaging, Brand name, pricing and promotion were entered as the independent variable, while Sales volume as the dependent variable.

Mathematically, the model is expressed as follows;

\[ Sv = \beta_0 + \beta_1 Pg + \beta_2 Bn + \beta_3 Ps + \beta_4 Pm + \epsilon \]

Where:

\( Sv \) = Sales Volume

\( Pg \) = Packaging

\( Bn \) = Brand name

\( Ps \) = Pricing

\( Pm \) = Promotion

\( \beta_0 \) = intercept

\( \beta_1 - \beta_4 \) = regression coefficient

\( \epsilon \) = stochastic error term

**Ho1:** Packaging has no significant effect on sales turnover
Empirical Findings and Result Discussion

Table 1

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
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<td>1</td>
<td>.312</td>
<td>.098</td>
<td>.049</td>
<td>.93200</td>
<td>.928</td>
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</table>

a. Predictors: (Constant), promotion, pricing, brand name, packaging
b. Dependent Variable: sales volume

Table 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>Regression</td>
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<td>4</td>
<td>1.760</td>
<td>2.026</td>
<td>.019a</td>
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<td>Residual</td>
<td>65.147</td>
<td>75</td>
<td>.869</td>
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<tr>
<td>Total</td>
<td>72.187</td>
<td>79</td>
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<td></td>
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</table>

a. Predictors: (Constant), promotion, pricing, brand name, packaging
b. Dependent Variable: sales volume
Table 3

Coefficients*

<table>
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<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Correlations</th>
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<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Zero-order</td>
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<tr>
<td>1 (Constant)</td>
<td>1.581</td>
<td>1.021</td>
<td>1.548</td>
<td>.126</td>
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<tr>
<td>Packaging</td>
<td>.289</td>
<td>.119</td>
<td>.288</td>
<td>2.438</td>
<td>.017</td>
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<tr>
<td>Brand Name</td>
<td>.013</td>
<td>.019</td>
<td>.079</td>
<td>.696</td>
<td>.488</td>
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<tr>
<td>Pricing</td>
<td>.075</td>
<td>.097</td>
<td>.090</td>
<td>.775</td>
<td>.441</td>
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<tr>
<td>Promotion</td>
<td>.216</td>
<td>.128</td>
<td>.192</td>
<td>1.686</td>
<td>.096</td>
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</table>

*a. Dependent Variable: sales volume

Interpretation of the result

Looking at the Beta value of each independent variable in the model after taking out standard error effect, it can be inferred that the packaging constitutes the most significant beta value of 0.288. Other factors: brand name has 0.079; pricing, 0.090, and promotion, 0.128 respectively.

The result shows that packaging and other factors such as brand name, pricing and promotion were joint predictors of sales volume (F (4, 76) = 1.581; R² = 0.98; P <.05). The predictor variables jointly explained 98% of the variance of sales volume, while the remaining 2% could be due to the effect of extraneous variables.

It can be said from this analysis that packaging is the major factor that influences buying behaviour which leads to sales volume with (β = 0.288, t = 2.438, p<.05).

This finding is in line with the results obtained by Chaneta (2012) who pointed out that packaging is one of the inevitable communication tools that influence buying behaviour. Therefore, evaluating the impact of packaging on sales volume of PZ Cussons Plc is not a wasted effort.
Conclusion and Recommendations

This research paper investigated the impact of packaging on sales volume with special reference to PZ Cussons Nigeria Plc. The result of this study revealed that packaging has significant effect on sales turnover. The result found that packaging reduces promotion costs and increases sales. On basis of the findings, it can be concluded that packaging is one of marketing tools that convey messages about the products to consumers. This result is in line with (Chaneta, 2012) who says that packaging can make a product saleable in various target markets while branding can be used by the marketer in creating and building a customer franchise for a given product. Based on the above conclusion, the following recommendations were made:

- The reuse of a package or component for other purposes should be encouraged by the managements of organizations.
- Management of organizations should increase budget for packaging
- Package should be designed to separate components to better facilitate recycling.
- Before package development, management should take environmental responsibility, applicable environmental and recycling regulations into consideration.
- Package should not be littered by the consumers.
- Management should ensure that package is not deceptive.
References


