IMPACT OF PACKAGING ON SALES TURNOVER OF CHI LIMITED PRODUCTS

HAMMED, SARAFA OLALEKAN
Department of Business Administration,
Faculty of Administration, Ahmadu Bello University, Zaria
hammedsarafaolalekan@gmail.com
+2348069031606

&

ABDULAZIZ, MARUF ADENIRAN
United Bank for Africa, Sokoto
amaruf2013@gmail.com
+2348035750692

Abstract
Attractive product packaging has succeeded in generating substantial sales turnover for many organizations. This paper, therefore investigate the impact of packaging on sales turnover of Chi Limited products. The study adopted cross-sectional survey. Data were obtained through primary source using questionnaire. The population of the study comprised 25 staff of Chi Limited Sokoto Branch. Census approach was employed to determine the sample size. Structural Equation Model was employed to analyse the data with the aid of SmartPLS2. The results showed that packaging has significant impact on sales turnover for Chi Limited products during the period of this study. The paper concluded that packaging is one of the most important marketing tools available to Chi Limited to convey messages about the products to consumers, which in turn make their products saleable and increase sales turnover. The study recommended that the management of Chi Limited should continuously review their product packaging in order to attract more sales.

Keywords: Packaging, Sales Turnover, Products and Chi Limited

Introduction
The important of products packaging cannot be quantified in retail setting as packaging role has evolved from traditional function of protecting product from dirty, damage, mishandling and deterioration to modern era where packaging is also utilized as a marketing tool to promote product, provide information about the product to customers and increase sales turnover. Packaging has become an integral part of modern society and is

one of the most important factors that stimulate sales turnover. Different types of packaging plays a vital role in the production, storage, distribution and marketing of products. Packaging could also cause differentiation from competitors and be considered as a competitive advantage (Mousavi & Jahromi, 2014).

Packaging helps in attracting and sustaining the consumers' attention. The uses of packaging as a strong variable of product can be seen as a vital tool used for communicating the attractiveness of product to the respective and identified target market. Lifu (2011) stressed that packaging is the key component of successful sales. Manufacturers have long had a special attention to packaging as studies such as Chaneta (2012); Sajuyigbe, Ayanleke and Ola (2013); Olawepo and Ibojo (2015) concurred that factors such as good graphic design and attractive packaging material increase products' competitiveness, make a product saleable in various target markets and increasing market share for products. Graphic design of packaging is used for identification of the product and it plays an important role in influencing consumer buying decision. Material of packaging is an important element which prevents the product from loss. High quality packaging material attracts customer to purchase more often than low quality packaging material, thus increases sales turnover (Shah, Ahmad & Ahmad 2013).

In spite of packaging use as a growing marketing tool, manufacturers and marketers still view packaging as a mere container (Abdullah, Kalam & Akterujjaman, 2015). Rasheed, Olanipekun, and Sydney (2015) stressed that, marketing practitioners believe and emphasize on product quality, price discount, effective channel of distribution as well as advertisement as strategies to increase sales turnover, but show little or no consideration for the package appearance. They stated further that, the belief among most Nigerian manufacturers is that, a good product sells itself.

Although, a lots of money has been incurred by many organizations on packaging, mostly when trying to differentiate their products from competitors. Yet, manufacturers have not been ascertained or considered it's important to increase in sales turnover (Taiye, Ogunnaike, Dirisu & Onochie, 2015). In a developing country like Nigeria, manufacturing industries, most especially foods and beverages industries have down-played the importance and relevance of product package on sales turnover (Ladipo & Olufayo, 2011).

Many studies have evaluated the impact of packaging on sales turnover but to the best of researchers' knowledge, no study in the past that focus on of Chi Limited products**.** It is on this premises that this research paper seeks to examine the impact of product packaging on sales turnover with special reference to Chi Limited, Sokoto. The main objective of this paper is to examine the impact of product packaging on sales turnover Chi Limited Products. However, the following hypotheses were tested; packaging graphic design has no significant impact on sales turnover Chi Limited Products. Packaging material has no significant impact on sales turnover Chi Limited Products.

Literature Review
Kotler (2003) defines packaging as all the activities of designing and producing the container for a product. Olawepo and Ibojo (2015) also defined packaging as the wrapping material around a consumer item that serves to contain, identify, describe, protect, display,

promote and otherwise make the product marketable. Jahre and Hatteland (2004) asserted that, packaging is the technology and art of preparing a commodity for convenient transport, storage and sale. According to Nilson and Ostrom (2005), the product packaging design includes the brand name, color, typography and images, all of which influence how quickly and easily a product catches the eye.

Graphic design is the combination of brand name, colour, typography, image, shape, size, and information about the product whose function is to influence consumers in their purchasing decisions (Ampuero & Vila, 2006; Klimchuk & Krasovec, 2007). Graphic design communicates brand personality through many elements, including a combination of brand logo, colours, fonts, pictorials, product descriptions, shapes and other elements that provide rich brand associations (Underwood, 2003). Garber (2000) has observed that though products' graphic design is an integrated element of the promotional mix, it is also an important carrier of brand equity in the store.

Packaging material is any material used especially to protect something. The material used in packaging is an important element which prevents the product from any damage or loss. Consumers associate the packaging material with certain essential values of the product (Smith & Taylor, 2004). According to Hollywood, Wells, Armstrong and Farley (2013), consumer perceptions regarding certain packaging materials could change the perceived quality of a product. Rettie and Berwer (2000) view quality packaging material as an important factor that drives the consumer perception towards the product and satisfies their needs and wants.

Bragg (2012) defined sales turnover as the total amount of revenue generated by a business during the calculation period. The concept is useful for tracking sales levels on a trend line through multiple measurement periods, in order to spot meaningful changes in activity levels. The calculation period is usually one year. The revenue included in this calculation is from both cash sales and credit sales. The measurement can also be broken down by units sold, by geographic region, by subsidiary, and so forth. Simply put, sales turnover represents the value of goods and services provided to customers during a specified time period - usually one year.

Review of Empirical Studies
Maria-Stella and Nto (2017) examined the effect of repackaging on sales turnover of some selected food and confectionary companies in Nigeria. A two-stage purposive sampling technique was used in the selection of the sample size for the study. Published reports of selected firms and oral interview were the major sources of data. Data collected were analyzed using inferential statistics (correlation and, t-test). The result shows that the repackaging of products contributed to the increase in the company's turnover. Based on the findings, the study recommends that companies should from time to time so as to disband the counterfeit companies that produce their products in unsolicited ways. Companies should follow the trend of technological improvement and innovations in carrying out their repackaging activities. Equally, it is recommended that product repackaging should be considered as companies thrust or major policy issue that should be reviewed in tune with detects of the changing marketing environment from time to time.

Budiardjo (2016) identified the impact of packaging design to purchase behavior through brand trust. The study adopted survey approach and data were collected through primary source. The study was conducted on 100 housewives spread in Sidoarjo, Krian and Surabaya. Data was analyzed with the aid of Covariance-Based Structural Equation Modeling (CB-SEM). The result proves that packaging design has positive and significant influence on purchasing behavior and brand trust also has a positive and significant impact on buying behavior.

Oladele, Olowookere, Okolugbo, and Adegbola (2015) examined the effect of packaging on the patronage of toothpaste among consumers in Ado-Ekiti metropolis, Nigeria. A total of 320 questionnaires were administered to respondents who were customers to eight most popular supermarkets through purposive sampling technique. Multiple regression was used to determine the influence of packaging attributes on patronage of toothpaste. The result revealed that among packaging information available on toothpaste products, expiry date, NAFDAC number and nutritional composition had the strongest relationship with patronage. The packaging attributes with highest influence were quantity, quality, and colour. The study recommended that manufacturers should place on their products only relevant information that will influence purchase decision. Furthermore, as families are growing, companies should be innovative to produce family size toothpaste tubes that will be cost saving for the consumers.

Mazhar, Daud, Bhutto and Mubin (2015) investigated the impact of Product Packaging on Consumers Buying Behavior: Evidence from Karachi. The population of the study comprises of consumers from Karachi. Data were collected from 300 respondents through questionnaire and for analysis purpose, SPSS software was used. Result revealed that packaging has significant effect on consumer buying behaviour. It is further concluded that the packaging elements like its color, Packaging material, Design of Wrapper and innovation are more important factors when consumers making any buying decision. Finally it has also been concluded that the Packaging is one of the most important and powerful factor, which influences consumer's purchase decision.

Rasheed, Olanipekun, and Sydney (2015) investigate the effect of product package on brand involvement in consumer goods markets of Lagos State Nigeria. The descriptive survey design was adopted for the study. 2374 consumers of packaged food products were proportionally sampled across the 20 local government areas of Lagos State. Questionnaire was the main instrument for data collection rated on a 6 – point Likert scale. Data were analysed using the descriptive statistical techniques of Pearson Product moment correlation (r) and Simple Regression Analysis. The results of the study revealed that package design significantly influence customer involvement in a brand and this can be achieved through effective choice of label information, logo, brand size and shape which are all ingredients and attributes of good package design for a brand. It was recommended that aesthetic components of the product package should be soothing for the eyes of the consumers to enhance good point – of – purchase appearance.

Sajuyigbe, Ayanleke and Ola (2013) 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.

Theoretical framework

The paper adopted an Emotional Dominated Model of Environmental Psychology developed by Mehrabian and Russell (1974) to underpin the study. The basic assumption of this theory is that, the impact of the situation on behavior is mediated by emotional responses, so that any set of conditions initially generates an emotional reaction, which in turn leads to a behavioral response. Mehrabian and Russell proposed that various stimuli in the environment cause primary emotional responses, thus causing reactions to that environment. An Emotional Dominated Model of Environmental Psychology Environmental psychology draws from the S-O-R paradigm, which posits that the environment is the stimulus consisting of cues that combine to affect an individual's response, which in turn determines the individual's behavior.

Consumers look at the packaging and respond to how it makes them feel at that moment. If the consumer feels that the product can potentially satisfy their needs, it influences their buying behavior. This feeling is a result of choices made across several cognitive stages, thus most consumers find it to be complex and overwhelming at times. Since consumers are often in state of confusion, the most important role of packaging is to alleviate their fears. Consumer as a subject who gets exposed to a product on the shelf, wrapped in its packaging, as the stimuli. The stimuli in this case are heavily cultured to affect subject's response and achieve a desired consumer behavior. Therefore, product packaging directly influences a consumers' perception of the product and value perception of product is bound to affect consumers buying decision which in turn increase products' sales turnover.

Methodology

The paper employed cross-sectional survey design. The population of the study comprised 25 staffs of Chi Limited Sokoto Branch. The paper adopted a census study. Copies of the questionnaire were distributed to all management and sales staffs of Chi Limited Sokoto Branch. The study utilized Partial Least Square Structural Equation Modeling (PLS-SEM) through Smart PLS2 for data analysis.

Results and Discussion

This study conducted some preliminary analysis which includes missing values, outlier detection, data normality and multicollinearity test before major analysis as suggested by Hair, Black, Babin and Anderson (2014). After all the assumptions were satisfied, SmartPls2 was use to analyze the data.

Assessing Model Fit

PLS-SEM was use to evaluate the reliability and validity of the instruments. The reliability is evaluated using Composite Reliability (CR) however validity is evaluated using Average Variance Extracted (AVE) and discriminant validity. Figure 1 presents the examined measurement of the model of the study.
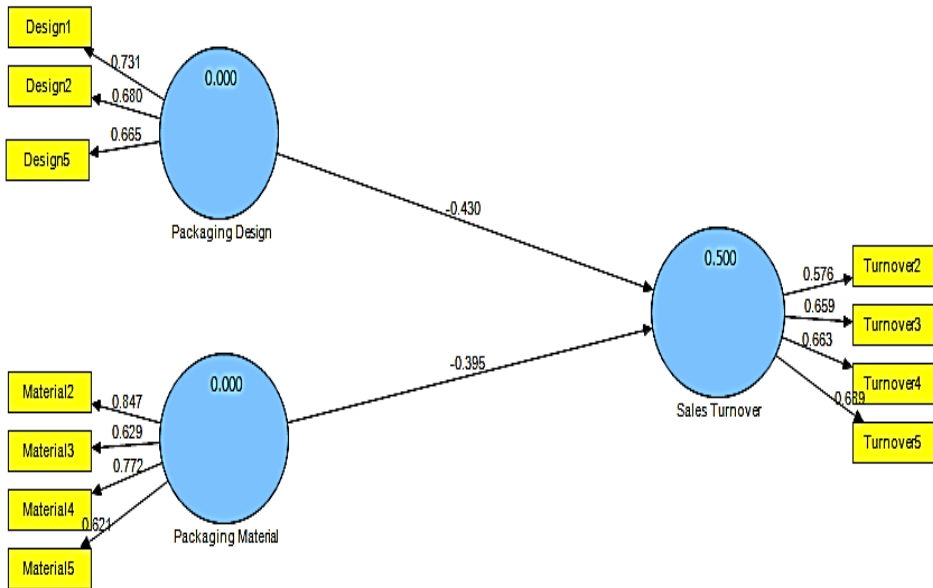
Figure 1: *Measurement model*

Figure 1 shows the values of cross loadings. Two items (Design3 and Design4) were deleted from Packaging Design. One item (Material1) is deleted Packaging Material. While only one item (Turnover1) is also deleted from Sales Turnover. Hence, all these items were deleted done due to the fact that AVE is less than 0.5 and CR is less than 0.7. By the rule of thumb, AVE should be greater than 0.5 and CR is expected to be greater than 0.7 (Garson, 2016). The rationale behind these deletions is to increase the AVE and CR to the expected standard.

Reliability Test

Reliability was used to assess the internal consistency in a construct and there are two common indexes to fit including Composite Reliability and Cronbach's Alpha.

Table 1: *Construct Validity and Reliability*

	Loading	C. Alpha	CR	AVE
Design1	0.731			
Design3	0.680	0.869	0.734	0.749
Design5	0.665			
Material2	0.847			
Material3	0.629	0.705	0.812	0.523
Material4	0.772			
Material5	0.621			
Turnover2	0.576			
Turnover3	0.659			
Turnover4	0.663	0.658	0.742	0.628
Turnover5	0.689			

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability

Table 2 shows that composite reliability ranges from 0.734 to 0.812 and Cronbach's alpha of the variables ranges from 0.734 to 0.812. This implies that the overall reliability measurement of the instrument is acceptable in terms of reliability thus, depicting its internal consistency.

Table 3: *Discriminant validity*

Construct	Packaging Design	Packaging Material	Sales Turnover
Packaging Design	**0.864**		
Packaging Material	0.468117	**0.723**	
Sales Turnover	0.61507	0.59608	**0.792**

Source: Field survey, 2017

Table 3 presents the result of discriminant validity. The numbers that are bold represent the square root of AVE of each latent variable. The square roots of all the AVE are higher than their correlation with other latent variable which indicates that discriminant validity is well established.

Table 3: *Path Coefficient*

R Square 0.49					
Hypotheses	**B Value**	**Sample Mean**	**Standard Error**	**P Value**	**Decision**
Packaging Design -> Sales Turnover	0.4094	0.376519	0.195014	0.046*	Rejected
Packaging Material -> Sales Turnover	0.4211	0.466260	0.204800	0.050	Rejected

P value* < 0.05 and P value*<0.1

From Table 1, results revealed that graphic design has significant impact on sales turnover with P value of <0.05. Therefore, the null hypothesis which stated that graphic design has no significant effect on sales turnover is hereby rejected.

Result also revealed that packaging material has significant impact on sales turnover with P value of <0.1. Thus, the null hypothesis that which stated that packaging material has no significant impact on sales turnover is also rejected.

The predictor variables jointly explained 49% of the variance of sales volume, while the remaining 51% could be due to the effect of extraneous variables. It can be said from this analysis that packaging design and packaging material are major factors that influences consumers' buying decision which leads to increase in sales volume. Our findings are in line with the results obtained by Sajuyigbe, Ayanleke and Ola (2013), Maria-Stella and Nto (2017) pointed out that packaging has significant effect on sales turnover.

Conclusion and Recommendations
This study investigated the impact of packaging on sales turnover with special reference to Chi Limited Products, Sokoto Branch. The result revealed that packaging has significant impact on sales turnover of Chi Limited products. The result found that packaging (graphic design and packaging material) increases sales turnover. On the basis of the findings, it can be concluded that packaging is one of the most important marketing tools that convey messages about the products to consumers which in turn their make a product saleable and increase sales turnover.

Based on the above conclusion, the following recommendations were made:
i.   The management of Chi Limited should continuously review their product packaging in order to attract more sales and boost sales turnover.
ii.   There should be continuously review of product packaging so as to attract and boost more sales.
iii.   The graphic design and packaging material should be design in such a way that, it will   induce consumer to buy the product.

Refrences

Abdullah, M., Kalam, A, & Akterujjaman, S.M. (2015). Packaging factors determining Consumer buying decision. *International Journal of Humanities and Management Sciences.* 1(5), 285-289

Ampuero, O., Vila, N. (2006). Consumer perceptions of product packaging. *Journal of Consumer Marketing,* 23(2), 100-112

Bragg, S. (2012). *Sales Turnover.* Retrieved from www.accountingtools.com/articles/what-is- sales-turnover.html

Budiardjo, H. (2016). The impact of packaging design to purchase behaviour through brand trust. *International Journal of Business and Management Invention. 5(1), 82-89*

Chaneta I. (2012). Marketing: Packaging and Branding. *Journal of comprehensive research*, 8(1), 19-30

Garber, R. B. (2000). *The role of packaging colour in consumer purchase consideration and choice*. Cambridge: Marketing Science Institute Report.

Garson, D. (2016). Partial Least Squares: Regression & Structural Equation Models. USA: Statistical Associates Publishing

Hair, J., Black, W., Babin, B., & Anderson, R. (2014). Multivariate Data Analysis. 7th ed. Pearson New International Edition: UK.

Hollywood, L., Wells, L., Armstrong, G. & Farley, H. (2013). Thinking outside the carton: attitudes towards milk packaging. *British Food Journal,* 115(6), 899-912.

Jahre, M., & Hatteland, C. J. (2004). Packages and physical distribution: Implications for integration and standardization. *International Journal of Physical Distribution and Logistics Management*, *34*, 123-139.

Klimchuk, M. R. & Krasovec, S. A. (2006). *Packaging design: successful product branding from concept to shelf*. New York: John Wiley and Sons.

Kotler, P. (2003). *Marketing management* (9th ed.). Upper Saddle River, New Jersey: Prentice Hall.

Ladipo, P. K., & Olufayo, T. O. (20011). The multiple role of packaging in the entire marketing process channel of distribution and consumer perspective, *International journal of business administration,* 2(4), 181-189.

Lifu, F. L. (2012). An analysis of the effect of product packaging on consumers' buying choice in Calabar Municipality, Cross River State, Nigeria. *Asian Journal of Business Management*, 4(2), 186- 191.

Maria-Stella, N., & Nto, C. (2017). Effect of repackaging on sales volume of companies: A case of Cadbury Nigeria Plc and Nestle Nigeria Plc. *International Journal of Recent Advances in Multidisciplinary Research,* 4(1), 2242-2245

Mazhar, M., Daud, S., Bhutto, S. A., & Mubin, M (2015). Impact of product packaging on consumers buying behaviour: Evidence from Karachi. *Journal of Marketing and Consumer Research*. 16(1), 35-42

Mehrabian, A. & Russell, J. A. (1974). *An Approach to Environmental Psychology*, MIT: Cambridge, MA.

Mousavi, S. A., & Jahromi, M. M. (2014). Examining the relationship between packaging and consumer buying behaviour (Case study: Comparison of Pasteurized 1.5l Milk of Brands Roozaneh and Mihan). *Indian Journal of Fundamental and Applied Life Sciences.* 4(1), 1038-1044.

Nilsson, J., & Ostrom, T. (2005). *Packaging as a Brand Communication Vehicle*. Thesis of Lulea University of Technology.

Oladele, P. O., Olowookere, B., Okolugbo, C. N., & Adegbola, E. A. (2015). Product packaging as a predictive factor of consumer patronage of Toothpaste in Ado-Ekiti, Nigeria. *British Journal of Marketing Studies*, 3(3), 12-28

Olawepo, G. T. & Ibojo, B. O. (2015). The relationship between packaging and consumers purchase intention: A case study of Nestlé Nigeria Product. *International Business and Management.* 10(1), 72-81.DOI:10.3968/5540

Rasheed, K. O., Olanipekun, O. J., & Sydney, A. A (2015). Effect of product package on brand involvement in Consumer Goods Markets of Lagos State Nigeria. *American Journal of Marketing Research*, 1(3), 193-200

Sajuyigbe, A.S., Ayanleke, S. O., & Ola, O. S. (2013). Impact of packaging on organizational sales turnover: A case study of Patterzon Zoconist Cussons (PZ) Plc, Nigeria. *Interdisciplinary Journal of Contemporary Research in Business,* 4(11), 497-508

Shah, S., Ahmad, A & Ahmad, N. (2013). Role of packaging in consumer buying behaviour. *International Review of Basic and Applied Sciences*, 1(2), 35-41

Smith, P. & Taylor, J. (2004). *Marketing communications*: An integrated approach. 4th Edn., London: Kogan Limited.

Taiye, T. B., Ogunnaike, O. O., Dirisu, J. F., & Onochie, M. P. (2015). Empirical study of packaging and its effect on consumer purchase decision in a food and beverage firm *European Journal of Business and Social Sciences*, 3(11), 44 – 53

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, 11(1), 62-76.