

**THE IMPACT OF DESIGNING A GOOD PACKAGING
FOR SMALL AND MEDIUM-SIZED INDUSTRIES**

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DECLARATION

A research project submitted in partial fulfillment of the requirements for degree in Bachelor of Technopreneurship with Honours by the coursework Final Year Project 2 in the Faculty of Technopreneurship, Universiti Teknikal Malaysia Melaka, 2019.

“I declare that this research is my own, unaided work, in exception of citation and references, which I have explained. It has not been submitted before for any other degree or examination in any other or this university”.

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DEDICATION

I would like to dedicate the appreciation for my beloved mother, Zurita Binti Ahmad and beloved father, Muhamad Nazli Bin Hat who are given strong moral support and motivation in order to complete this research study. Then, I would like to thank my lovely supervisor, Dr. Mohd Fazli Bin Mohd Sam, for the valuable knowledge.

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ABSTRACT

This report is study about impact of designing a good packaging for Small and Medium-sized Industries. This research will be conducted in Pekan Rabu, Kedah. The respondent in this study is among an entrepreneur of Small and Medium-sized Industries in Pekan Rabu, Kedah. The purpose of this research is to investigate the effectiveness of packaging for Small and Medium-sized Industries. Packaging is an important marketing tool that becomes the first contact between product and customer in the market. The effective packaging will makes the product stand out in crowd to be comparable with other competitors. So, an entrepreneur of Small and Medium-sized Industries must take the advantage to re-design their packaging for making the product comparable to competitors in the market. As can see, Small and Medium-sized Industries use simple packaging to attract customer in market. The product only be wrapped with plastic and does not have details information about the product. This research can assist an entrepreneur for improve knowledge about the important of packaging that become attractive to attract customer in market.

Keyword: Packaging, Entrepreneur, Small and Medium-sized Industries

ABSTRAK

Laporan ini mengkaji tentang kesan merancang pembungkusan yang baik untuk Industri Kecil dan Sederhana. Penyelidikan ini akan dijalankan di Pekan Rabu, Kedah. Responden bagi kajian ini adalah para usahawan dalam Industri Kecil dan Sederhana di Pekan Rabu, Kedah. Tujuan penyelidikan ini adalah untuk mengkaji keberkesanan pembungkusan untuk Industri Kecil dan Sederhana. Pembungkusan adalah alat pemasaran penting yang menjadi hubungan pertama antara produk dan pelanggan di pasaran. Pembungkusan yang berkesan akan menjadikan produk itu menonjol dalam pasaran untuk dibandingkan dengan pesaing lain. Jadi, para usahawan dari Industri Kecil dan Sederhana mestilah mengambil kesempatan untuk merekabentuk semula pembungkusan mereka untuk membuatkan produk setanding dengan pesaing di pasaran. Seperti yang dapat dilihat, Industri Kecil dan Sederhana menggunakan pembungkusan yang mudah untuk menarik perhatian pelanggan di pasaran. Produk ini hanya dibalut dengan plastik dan tidak mempunyai maklumat terperinci mengenai produk tersebut. Penyelidikan ini boleh membantu seorang usahawan untuk meningkatkan pengetahuan tentang pentingnya pembungkusan yang menarik untuk menarik perhatian pelanggan di pasaran.

Kata kunci: Pembungkusan, Usahawan, Industri Kecil dan Sederhana

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This is the first chapter, where a briefly explanation of this study is included. This chapter describe about the tittle, background of study, problem statement, research questions and research objectives. The topic of this study is to identify the impact of designing a good packaging for Small and Medium-sized Industries (*Industri Kecil dan Sederhana*). The problem will be identifying from previous research to study how packaging important for the Small and Medium-sized Industries. This study will be focus on the business from Small and Medium-sized Industries. Therefore, the research questions and research objectives will be identify from problem statements.

1.2 Background of The Study

Packaging is vital tool in the marketing mix, it often be ignored by several businesses but more money is spend in this as on above line of advertising and promotion (Sara, 1990). Packaging is outer layer of every product with several functions. Three main function of packaging is for product protection, utility, and communication in three environments which are physical, atmosphere, and human (Risch, 2009). All of this function can create some brand awareness to the businesses. Then, businesses need to consider all this function to design their packaging and help directly communicate with consumer

The role of packaging has been identifying to follow consumer changing lifestyle. Since less time is spent to look at detail and information by consumer on the packaging especially in fast moving consumer goods (FMCG), a product must be able to stand out (Lathrop, 2017) from a huge range of product and this makes buyer attraction become main factor in designing a packaging.

Typically, there have three levels of packaging (Benjamin, 2018):

- i. Primary packaging: To protect the product and attract customers (e.g. glass bottles);
- ii. Secondary packaging: To protect primary product and provide branding during shipping (e.g. cardboard boxes and cartons);
- iii. Tertiary packaging: To properly protect shipments of product during time in transit (e.g. wooden pallets and shrink wrap).

Most of the time, primary packaging is the main element in brand communication (Benjamin, 2018). Brand communication occurs every time when consumer interacts with products. It occurs when consumers sees a logo, graphic or brand of a product. Unlike brand marketing, brand communication is a passive approach to reach out to consumers and encouraging consumer brand engaging (Parent *et.al*, 2011). A successful brand communication requires long term investment and is able to build brand identity and brand loyalty.

1.3 Problem Statement

The design is important for attract consumer buying decision in the market. For microenterprise, the packaging design is too concise to attract customers in the market. It was shows low image of their brand that be wrapped with plastic, cardboard, or glass container. Furthermore, there is no significant change in design since it was introduced to the market. According S.T. Wang Edward (2013), the visual of packaging design can influence consumers on perceived product, product value and brand preference. For consumer's preference, food firms should emphasize the visual packaging design factors such as color, logo, graphic and size (Robinowitz, 2002).

A good quality of packaging is more efficient to influence consumers in existing market (Sharma & Ghoshal, 2018). For microenterprise, the materials used to wrap the product are at a low level compared with other competitors. Some of consumers most prefer a material of quality packaging According Sharma & Ghoshal (2018) did a research on emerging trends of food packaging; it is essential for the food safety and

quality. The trends of food packaging nowadays required the preferences of consumers for quality and safe food rather than the traditional system which is primary packaging.

Besides, the communication is important for product and consumer interact with each other's. For microenterprise, their packaging is less information about detail of product such as nutritional information, usage instruction, ingredients and more. According Silayoi and Speece (2007), to achieve communication goals, the knowledge about consumer psychology is important so that the consumer can realize and respond to their packages.

Furthermore, the previous researches basically study on how the packaging affects consumer behavior or brand preferences. So, this research wants to focus on specific area in small town. This research more focuses on small and medium-sized industries in Kedah, Malaysia. The data will be more reliable and accurate through this research that the location more specific on one industry in Malaysia.

Nevertheless, limited research has been performed to take action on these problems. Thus, a research will be done by knowing the level of effectiveness packaging design for Small and Medium-sized Industries. Then, this research identify the factors influence Small and Medium-sized Industries preference in designing packaging. Finally, this research investigate the relationship between packaging design and effectiveness for Small and Medium-sized Industries.

1.4 Research Questions

In the recent years, the consumer perception is important for increase the product performance. Most of the consumer have more attracted with packaging of products, it is consider as an impact for the impulse buying decision. The marketers also need to consider consumer moods and time pressure as factors for moderator when they meant to affect their decision making. An effect of consumer understanding of usability of product packaging was affected by the materials, shapes and labels (Bahrainizad & Rajabi, 2018). This has built some awareness for Small and Medium-sized Industries for designing a good packaging product. Besides that, Small and Medium-sized Industries need to implement the packaging design.

Based on the statement, the researcher has discovered the idea of question. There have question that relate with the topics. The researcher found out 3 questions as show below:

1. What are the level of effectiveness packaging design for Small and Medium-sized Industries?
2. Which factors that influence the Small and Medium-sized Industries preferences in designing a packaging?
3. What are the relationship between packaging design and effectiveness for Small and Medium-sized Industries?

1.5 Research Objectives

Based on this research, there are few objectives that need to achieve to solve the questions. This all objectives have directly related to the research questions that mention above. Those objectives have shown as below.

1. To study the level of effectiveness packaging design for Small and Medium-sized Industries
2. To identify which factors influence the Small and Medium-sized Industries preferences in designing packaging
3. To investigate relationship between packaging design and effectiveness for Small and Medium-sized Industries

1.6 Scope and Limitation of Study

There are three level of packaging; primary packaging, secondary packaging and tertiary packaging. It will be focus on the primary packaging which is the first packaging layer in which the product is contained. Then, the scope of this study is to know how entrepreneur of Small and Medium-sized Industries aware about the effectiveness of design a good packaging for increase their performance. This study will be conducted at Kedah.

There are some unavoidable limitations to conduct this study. First, cost is a big challenge for researcher when need to used their own money to conduct this study.

Second, researcher has difficult to get cooperation with the entrepreneur from the Small and Medium-sized Industries because less information and knowledge about packaging.

1.7 Significance of Study

The purpose of the research is to study the level of effectiveness packaging design for Small and Medium-sized Industries. Then, the research will identify which factors influence Small and Medium-sized Industries preferences in designing packaging. Next, the research will investigate the relationship between design packaging and effectiveness for Small and Medium-sized Industries.

The results from the research will be valuable for an entrepreneur of Small and Medium-sized Industries to be aware about importance of designing a good packaging for the businesses. Furthermore, it could also provide knowledge for entrepreneur from Small and Medium-sized Industries to design a good packaging.

1.8 Summary

In conclusion, overall of this chapter is covering all aspects of an introduction for the start of the study. In fact, this chapter states clearly the problem that be faced by the Small and Medium-sized Industries at the problem statement. From that, several objectives are identified from the problem statement. Hence, the research objective is to study the level of effectiveness packaging design for Small and Medium-sized Industries. Then, the research will identify which factor influences Small and Medium-sized Industries preferences in designing packaging. Next, the research will investigate the relationship between packaging design and effectiveness for Small and Medium-sized Industries.