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Consumer Research Report

How Package Design Dictates Product Sales: “Seeing it Sells it!”



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Packaging for a product is more than a medium of protection and storage or another convenient forum for advertising. Due to the significant investments made by marketers on the packaging of their products, one would have to assume that industry believes packaging to have substantial influence on consumer choice behavior and product experience.¹ Despite this, there is little academic literature studying these interactions and no clear theory of exactly how packaging impacts consumers' attitudes and actions. For example,

*Does packaging influence consumers' willingness-to-pay? Does it impact their brand choice? Do different kinds of packaging evoke different reactions in consumers? Are there external manifestations of these reactions in terms of their purchasing behavior?*²

Through a discussion of contemporary consumer and market research, we seek to answer some of these questions. In particular, we (1) discover how package design informs consumers' perception of the product and brand; (2) discuss how said perceptions dictate consumer purchasing behavior; and (3) determine how to capitalize on these elements in order to increase product sales and product/brand loyalty.

In "Brand Identity meets Economics of Scale," author Elizabeth Abrams explains, "The carton, jar or tube propped on that store shelf provides the first impression of a brand's product to a consumer, and the brand and product packaging is critical to the success of both."³ What Abrams is suggesting is that the consumers' interpretation of the packaging informs their interpretation of the product and brand, which, as we will soon demonstrate, plays a role in their purchasing behavior. This hypothesis that packaging informs consumers' understanding of the product/brand and consequentially influences their actions is supported by the following "model of the role of packaging" from Holbrook and Batra,⁴ which itself draws upon numerous results from literature on advertising and its influence on product and brand perceptions:

*Exposure to packaging elicits a reaction toward it ("attitude toward packaging")
→which in turn evokes specific thoughts or judgments and feelings or emotions (affective*

¹ Tanuka Ghoshal (Tepper School of Business & Carnegie Mellon University), Peter Boatwright (Tepper School of Business & Carnegie Mellon University), Jonathon Cagan (Department of Mechanical Engineering at Carnegie Mellon University), "Unwrapping the Good News: Packaging Pays, and 'How'! The Role of Packaging in Influencing Product Valuation" (under review), *Journal of Marketing*, vol. VIII, p. 254, copyright of Advances in Consumer Research.

² Ghoshal et. al., "Unwrapping the Good News," *Journal of Marketing*, p. 254

³ Elizabeth Abrams, "Where Brand Identity meets Economics of Scale," *Packaging, Design/Logistics*, April 2010, p. 54-56, copyright of Global Cosmetic Industry, which is the property of Allured Publishing Corporation, www.GCI magazine.com.

⁴ Morris B. Holbrook & Rajeev Batra, "Assessing the Role of Emotions as Mediators of Consumer Responses to Advertising," *Journal of Consumer Research*, 1987, 14(3), 404-42.

reactions) → that elicit an overall reaction toward the featured product (“attitude toward product”) → which finally impacts behavior.⁵

A case study will make clear how this model applies: A recent study performed by Pittsburgh-based GENCO Supply Chain Solutions found that damaged packaging can have a profound effect on shoppers’ purchasing decisions.⁶ Looking at a range of frozen packaged food in cities known for tough weather conditions, GENCO found that the majority of shoppers will not buy a product if its packaging is damaged.⁷ The study also revealed that shoppers’ trust in a product or brand declines steadily when its packaging is damaged—up to 55% of shoppers left the brand, and 36% opted to purchase another brand.⁸ If we integrate this study’s results into the model proposed above for understanding the role of packaging in consumer processing, we can conclude:

The shoppers’ exposure to the damage food packaging elicited a [negative] reaction toward it → which in turn evoked [negative] thoughts or judgments and [negative] feelings or emotions → that elicited a [negative] feeling toward the product → which impacted the shoppers’ behavior (as manifest by their tendency to not buy the product if the packaging was damaged and the resulting distrust in the brand).

It is clear that the shoppers surveyed in this study made a correlation between the quality of the packaging (“attitude toward packaging”) and the quality of the product (“attitude toward product”), which consequentially, altered their purchasing behavior as conveyed through the shoppers’ tendency to avoid buying the product in damaged packaging. Therefore, we can conclude that package design does influence consumers’ perception of both the product and brand, which ultimately, impacts their purchasing behavior.

Similar results on how package design influences consumers’ purchasing behavior were found by Corporate Resource Development, an Atlanta-based research firm, which performed

⁵ This also follows Edell & Burke (1987) and Burke & Edell (1989)’s characterization of attitude to advertising as consisting of cognitive and affective elements: Ghoshal et. al., “Unwrapping the Good News,” p. 254.

⁶ GENCO study commissioned by Richmond, Va.-based MeadWestvaco Corp. (MWV): R. Hofbauer, “Damaged Packaging Hurts Trust in Brand,” *Private Label Buyer*, December 2009, p. 10, copyright of Private Label Buyer is the property of Ascend Media.

⁷ Specifically, three-quarters of shoppers in the study passed up a damaged package in favor of an undamaged one: Hofbauer, “Damaged Packaging,” p. 10.

⁸ *Ibid*, p. 10.

focus groups to gauge consumer responses to different packaging presentations.⁹ In the study, consumers critiqued the package designs of several existing health and beauty aids and household products, among them deodorants, razors, and air fresheners. What CRD found per the participants' feedback was that packaging can give a product an edge over other products on the shelf twice before purchase. When considering a new or untested product, consumers go through two distinct decision-making processes: The first, whether to examine the new product more closely; the second, whether to buy it.¹⁰ Therefore, package design has the opportunity to not only influence consumers' perception of the product and brand, but inform their purchasing behavior, like the desire to further investigate the product and/or buy it.

IF package design: (1) influences consumers' perception of a product/brand; (2) has the ability to persuade or dissuade consumers' to further investigate/purchase the product; *and* (3) can alter brand loyalties, THEN what kind of packaging is the best for your product/brand? In other words, how do we design packaging that helps, as opposed to hinders, product sales? While obviously there is no "right answer" or universal packaging solution as a packages' quality is a factor of its product, distribution channel and consumer preferences,¹¹ there is research that demonstrates how certain types of considerations in the package design phase can yield positive consumer feedback as manifest through successful product sales. What follows is a description of contemporary consumer research in the context of shoppers' packaging preferences; this will provide insight into how package design dictates product sales.

Package design is an integral part of projecting a brand's image, which is sometimes designed to convey images of high quality, while at other times signaling affordable price.¹² While few would challenge this assumption, little research has focused on how to utilize package design as a means of generating consumer price expectations.¹³ This knowledge gap is surprising as CPG firms spend billions of dollars each year to appeal to buyers by inventing, engineering,

⁹ CRD study commissioned by Madison, Wisc.-based plastic thermoformer Placon: Ian P. Murphy, "Study: Packaging Important in Trial Purchase," *Marketing News: Packaging*, February 1997, p. 14, copyright of Marketing News, which is the property of American Marketing Association.

¹⁰ Ibid, p. 14.

¹¹ Ibid, p. 14.

¹² Ulrich R Orth, Daniela Campana, & Kevin Malkewitz, "Formation of Consumer Price Expectation based on Package Design: Attractive and Quality Routes," *Journal of Marketing Theory and Practice*, vol. 18, no. 1, winter 2010, pp. 23-40, copyright 2010 M.E. Sharpe, Inc.

¹³ Orth et. al., "Formation of Consumer Price Expectation," p. 23.

and manufacturing package designs for positioning and differentiating their offers.¹⁴ Given the critical role of price in consumer decision making processes, the price expectations CPG firms aim to evoke should have a substantial impact on package design and subsequent market place performance.¹⁵

According to Orth, Campana and Malkewitz in “Formation of Consumer Price Expectation based on Package Design,” “A central premise of the current research is that consumers form an expectation of an offer’s price based on visual cues inherent in the package.”¹⁶ For advertising visual cues, researchers have repeatedly established that attractiveness relates positively to quality judgments; this positive attractiveness-quality relationship is known as the “beautiful is good” stereotype.¹⁷ The equation of beauty with quality manifests itself in almost every form of advertising: be it a beautiful woman endorsing a shoe brand or a handsome man modeling watches, advertisers have long recognized the influence that beauty has in consumers’ perception of a product’s quality; this is also the case with packaging. According to contemporary marketing theory research, package design has the ability to generate affect and create value: “Especially when consumers are unable to try a product prior to purchase, the visual appearance of a package assumes a key role in the decision making by providing information about the aesthetic value delivered by the product.”¹⁸ Moreover, in two recent consumer marketing studies, it was found that when product alternatives are perceived as similar in quality and price, consumers prefer the more aesthetically appealing alternative. Researchers conclude:

*Better packaging does indeed positively impact product valuation. In two separate studies, it was found that appealing packaging led to increased selling price and choice/purchase price for an object as compared to the same object in an ordinary package. Attitude toward the object was also superior when it was presented in the appealing packaging.*¹⁹

So what does this mean for how package design dictates product sales? If consumers expect higher prices for brands whose package design creates impressions of high quality, then,

¹⁴ Brian Dumaine, “Design that Sells and Sells and...,” *Fortune*, 11 (March), 86-94.

¹⁵ Orth et. al., “Formation of Consumer Price Expectation,” p. 23.

¹⁶ Authors reference researchers Jun, MacInnis, & Park 2005; Niedrich, Sharma, & Wedell 2001: Ibid, p. 25.

¹⁷ Authors reference researchers Kamis 1990; Parekh & KaneKar 1994: Ibid, p. 24.

¹⁸ Authors reference researchers Creusen & Schoormans 2005: Ibid, p. 27.

¹⁹ Ibid, p. 29; Ghoshal et. al., “Unwrapping the Good News,” *Journal of Marketing*, p. 254.

depending on your product and desired demographic, CPG firms could source more attractive packaging than their competitors in order to appear as though their products are of higher quality, even if the price is comparable. By presenting products as higher in quality due to the attractive packaging when compared with the competition, CPG firms can have a competitive advantage in their market segment due to the power of the relationship between price and quality in determining consumer purchasing decisions. If we return to our proposed model for understanding the role of packaging in consumer processing, we can assume:

Exposure to [attractive] packaging elicits a [positive] reaction toward it (beautiful is good stereotype) → which in turn evokes [positive] thoughts or judgments and [positive] feelings or emotions → that elicit an overall [positive] reaction toward the featured product → which finally impacts behavior (as manifest in the likelihood that consumers will opt for the product in attractive packaging over the product in ordinary packaging if at comparable price.)²⁰

The researchers conclude:

[This study] corroborates findings that aesthetically appealing packages can, per se, represent a source of value to aesthetically conscious consumers and may even lead them to accept higher prices or think they are getting more value than the value offered by competing products/brands, which is a long recognized motivator for purchasing.²¹

In summary, CPG firms could improve quality perceptions of their product(s) by designing packages that are more elaborate than visual competitors in the segment of interest, thereby generating more value as perceived by the consumer, motivating purchasing decisions.

There are other package design elements, aside from attractive package design, that have the ability to persuade consumers to purchase your product(s). According to Abrams, “there has been a clear and recent packaging evolution...instead of detailed [packaging], brands are streamlining their look and projecting a clearer image.²² This is due, the author argues, to the depressed economy, which has resulted in the consumer demand for economy in addition to sophistication in products: In essence, consumers have adopted the idea that less is more, and forward-thinking executives know packaging design should take this into account.²³ Abrams

²⁰ This also follows Edell & Burke (1987) and Burke & Edell (1989)’s characterization of attitude to advertising as consisting of cognitive and affective elements: Ghoshal et. al., “Unwrapping the Good News,” p. 254.

²¹ Ibid, p. 255.

²² Abrams, “Where Brand Identity meets Economics of Scale,” p. 54.

²³ Ibid, p. 55.

concludes: “The message is clear—let the product speak for itself.”²⁴ Similar sentiments are expressed by Smith & Milton design director Nik Bedford and Wren & Rowe director Nicole Jones. For Bedford, “People like to be communicated with in a simple and direct way;” for Jones, “In blind tests, the product that tells the story may not taste as good as a competitor, but it tends to sell better.” Lastly, in the CRD study previously referenced, researchers found that consumers tend to avoid products that broke with their established purchasing routine; however, when they did opt to try new products, it was generally because the items seemed easy to use and reasonably priced.²⁵ By showing the product’s ease of use via package design, packaging helped consumers feel comfortable with the new product, lowering their perceived risk, thereby reinforcing the decision to buy.²⁶ With all things considered, we can conclude that clear, simple package design that communicates efficiently about the product and its story is perceived as desirable among consumers, thereby generating positive perceptions of the product/brand and increasingly the likelihood that the consumer will purchase the product.

Thus far we have established the following in regard to the relationship between packaging and consumer processes: Package design informs consumers’ perception of the product and brand and these perceptions dictate their purchasing behavior; attractive packaging is associated with quality products by consumers and therefore can generate sales when compared with competing products at comparable cost in ordinary packages; and, consumers prefer packaging that communicates clearly about the product and its story, which provokes marketers to conclude that packaging should allow the product to speak for itself. In other words, the product should be able to sell itself via its packaging.

Thermoform plastic packaging is the ideal medium for allowing products to sell themselves due to the transparent nature of these containers. In addition to fulfilling the traditional packaging requirements of functionality, like product protection, theft-resistance, aesthetics, ease of display, and cost, thermoform plastic packaging allows the consumer to *see* the product being sold. By being able to visually identify the product in the package, consumers experience a sense of comfort, which reinforces their decision to buy. But don’t take our word for it: In 2008 Perception Research Services conducted parallel studies in four major global

²⁴ Ibid, p. 55.

²⁵ Murphy, “Study: Packaging Important in Trial Purchase,” p. 14.

²⁶ Ibid, p. 14.

markets²⁷ in order to understand the consumer perspective on packaging. Within each country, PRS spoke with a minimum of 100 shoppers via in-person interviews that allowed each participant to touch/hold the physical package. What they found is that *the ability to see the product through the packaging is a primary driver of packaging preference in the US across a wide range of categories.*²⁸

This consumer preference for seeing the product through the packaging was also found in a consumer research study published in *Paperboard Packaging*. Titled “Paper or Plastic,” this investigation looked to determine if the type of material an item is packaged in affects consumers’ purchasing behavior.²⁹ After conducting 30 in-person interviews with shoppers at Wal-Mart, K-Mart, Giant Eagle and Heinen’s in the Cleveland-Ohio area, author Esther Durkalski writes, “Despite paper’s high recycling rate, many consumers prefer plastic over any other type of packaging for a variety of reasons, including durability, freshness [and visual identification of the product].”³⁰ Consider Fred, a 64-year-old-lawyer, who explains: “My first choice for a package depends reality on what is inside; I like to see what is inside, [usually] via plastic packaging.”³¹ Just as attractive window displays lure holiday shoppers into their stores, quality transparent plastic packaging has the ability to engage the consumers visually, thereby increasing the likelihood of further investigation of the product and/or purchasing.

Let us conclude with an excerpt from Hewlett-Packard’s (HP) *Thermoform Plastic Packaging Policy Document*,³² which provides the channel partner/retailers perceptive on thermoform plastic packaging. This document presents a concise overview of why plastic thermoformed packaging is and will be the preferred packaging medium for those products that require protection, aesthetic display, and have the ability to sell themselves.

The use of thermoformed plastic enclosures for displaying products in the retail environment is increasing. Properly designed thermoformed enclosures can be theft-resistant and display friendly. They can be aesthetically pleasing, display the actual product, and mount quickly and easily on pegged displays.

²⁷ Markets considered include: the US, the UK, Germany, and China.

²⁸ Scott Young, “Packaging and the Environment: A Cross-Cultural Perspective,” *Design Management Review*, fall 2008, p. 42-47, copyright of Design Management Review is the property of Design Management Institute.

²⁹ Esther Durkalski, “Paper or Plastic?” *Paperboard Packaging*, December 2000, p. 27-28, www.packaging-online.com.

³⁰ Durkalski, “Paper or Plastic,” p. 27.

³¹ Ibid, p. 28.

³² *Thermoform Plastic Packaging Supply Chain Services - Packaging Processes Revision: 1.0 External 12/7/01* Palo Alto, CA, <http://www.hp.com/packaging/misc/CLAMSHHELLpolicyexternal.pdf>.

Higher theft items are often kept behind a reseller's service counter or under glass, even though this is inconvenient to customers. Many resellers will not display products where they are easily accessible to customers themselves unless the products are in thermoformed plastic enclosures. When products are displayed "live" in thermoformed plastic enclosures, customers don't have to wait for a busy clerk to help them and the retailer enjoys reduced labor costs. This customer convenience has been proven to increase sales.

Several resellers will not carry HP products unless they are packaged in thermoformed plastic enclosures. Club warehouse stores require thermoformed plastic enclosures not only for their anti-theft characteristics, but also for their display characteristics and structural strength. Since customer service is limited in these stores, the package itself has to "sell the product." The thermoformed plastic enclosure makes the product visually visible and provides additional space for product information.

If a large supermarket stocks about 30,000 products and the average time of a shopping trip is 40 minutes, then your product has just under 0.08 seconds of the consumers' attention.³³ In a society with so many choices, wouldn't you rather your product have the ability to sell itself through quality plastic thermoformed packaging than risk trying to convey the value of the product through means not contingent to the product itself? Because we began this report with the discovery that packaging informs consumers' understanding of the product and brand, which subsequently dictates purchasing behavior, we can conclude that plastic thermoformed packaging allows the consumers to quickly recognize the product, thereby attributing convenience to the brand, which results in the increased likelihood of product purchase and continued brand loyalty. As Dordan founder Edward Slavin said during the incorporation of our company in 1962, "Seeing it sells it;" we are glad that tradition still stands.

³³ Jo-Anne Flack, "Let's Talk Packaging," *Marketing Week*, October 2002, p. 67-68, copyright EBSCO Publishing.