

Packaging strategies : Outlook on consumer buying behaviour for consumer-packaged goods

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Abstract

The business world has become quite competitive, so the marketers need to diversify their existing offerings for consumer-packaged goods because customers switch more often in case of these repetitively purchased products. This research facilitates discerning the perception of consumers, importance of packaging and spotting the power of different packaging elements on buying intentions. It further checks the impact of packaging on purchase choices through the mediating effect of price. So, in this study, the four most important elements of packaging are studied along with the moderation effect of the price in perceiving the elements of packaging of CPG on the consumer buying behavior. For this purpose, 400 respondents in the city of Ahmedabad were made to fill out the questionnaire. Structured Equation Modeling was used to test the theoretical model being developed. The study concluded that out of all the elements of packaging that were taken into study, the most significant factor that has an impact on the perception of the customers is the assistance in storage and product consumption. This further leads to the intent of buying by customers for consumer-packaged products. The change in price will moderate differently in perceiving the elements of packaging of CPG for the different customers. The moderation

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tests were conducted to examine whether the moderating groups (e.g., different subgroups based on price) vary at the path level. This revealed that the measurement model was not consistent and equivalent across different groups. The results of this study can assist CPG firms in marketing and regaining market share by offering goods with highly brand-specific packaging.

Subject Classification: D12, M00, M310.

Keywords: Packaging elements, Consumer perception, Consumer packaged goods.

Introduction

In the business world, the biggest challenge to survive is to beat the competition, and packaging is the key to standing out from the rivals. Attractive packs, color combinations, etc., help the customer to decide [1] which brand to buy and make him more confident about his choices [2]. It is advisable to invest more in packaging strategies than in other marketing tools, keeping in mind the outcome and the result. Many researchers have studied the various aspects related to packaging, and analysed effects of those on purchase intentions [3], but there is a relative scarcity of studies to spot the power of different packaging elements and to analyze the impact of packaging on buying intentions [4] through the mediating effect of price. The four important packaging elements – identification of the brand, description of the product, assistance in storage, and product consumption as explained by [5] and the impact has been studied on the purchase intentions of the customers of CPG (consumer packaged goods) in the city of Ahmedabad. Industry experts have projected that the size of this industry will reach \$1.45 trillion US\$ by the year 2032 (Statista Research Department, 2021). Many researchers study the impact of one of the isolated elements or motives on the buying intentions or perception of the customers. The need is to compare all the different packaging elements, as given by [5] to give a comprehensive picture for the marketers and other parties involved in packaging strategies. Previous studies have yet to take price as a mediating factor to understand the impact of these packaging elements on buying intentions.

Review of Literature (CPG Products and Packaging)

Consumer packaged goods is an industry name given to the products that customers replace frequently. In contrast to durable goods, these products need early repurchase, and the marketers need to focus differently

[1] on their packaging [6]. Packaging aids in ensuring correct hygiene and product shape for the consumer when it comes to CPG products [7]. It is the most crucial marketing tactic to use in order to advertise the benefits and advantages being associated with the product being purchased.

Theoretical Framework

Previous researchers have used different packaging elements to observe its impact on customer perception and purchase intentions [8]. None of the studies has compared all the different packaging elements as given by Keller, 2016, so this gap has been identified, and such factors are taken into account to give a comprehensive picture for the marketers and other parties involved in packaging strategies.

Hypothesis Development

- H1: The packaging that helps in the identification of the brand of CPG significantly affects the perception of the customers [8].
- H2: The packaging which helps in the description of CPG significantly affects the perception of the customers [8].
- H3: The packaging that helps in the assistance of storage for CPG significantly affects the customer's perception [1].
- H4: The packaging that helps in the consumption of CPG significantly affects the customer's perception [9].
- H5: The customer's perception regarding the packaging of CPG has a significant impact on the buying intentions [1].
- H6: Price positively and significantly moderates the consumer's perception towards buying intentions of CPG [10], [11].
- H7: Price positively and significantly moderates moderates the consumer's perception towards the buying intention of CPG [8], [12].

Proposed Model:

The following Fig 1 represents the direct effect of different packaging elements on the perception of the customer and purchase intention. Also, it represents the moderating effect of price on the perception of the customers and the buying intentions.

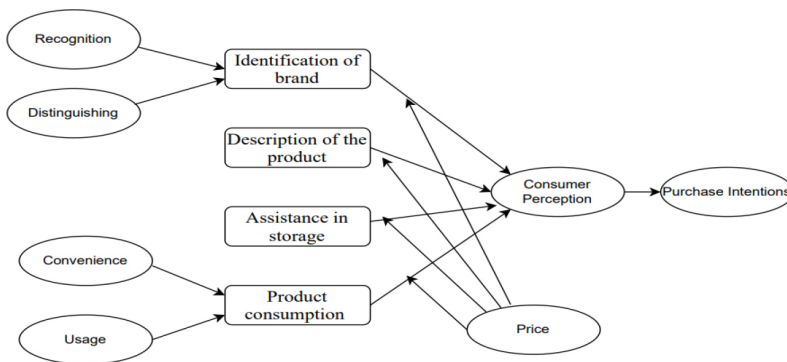


Figure 1
Conceptual Model

Methodology

For a quantitative study, a well-structured questionnaire was developed. The set questionnaire was reviewed by two academicians followed by two industry experts; thus, content and face validity was ensured. The constructs of the study was measured by a five-point Likert Scale [13]. Cronbach's Alpha checked reliability and consistency. Data was collected, and analysis was done by structured equation modeling using AMOS.

Selection of packaging elements

Kotler and Keller's four packaging elements- identification of the brand, description of the product, assistance in storage, and product consumption [5] were chosen for the investigation in to acerating the degree of influence of each because, there was not enough information to utilize them to examine the customer's perspective. To assess the packaging components and advance the goods' development, a pilot test using focus group discussions was carried out.

Research design

Data for this primary research was collected via survey method, which is already being used by a lot of researchers in this field [6]. Responses were collected from the 400 respondents aged between 25 to 55 who frequently purchase CPG in Ahmedabad. The information was

gathered in June and July of 2023. The attachment mechanism between brand recognition, product description, product facilitation for storage and consumption, consumer perception and Consumer packaged goods purchase intents was shown using SPSS and AMOS.

Analysis

Evaluation of the Model

Table 1
Analysis of the model fit

Model Fit Values		
CMIN	≤ 3 = acceptable	2.5
CFI	One = acceptable (perfectly)	0.92
	≥ 0.95 = excellent	
	≥ .90 = acceptable	
RMSEA	≤ 0.05 = acceptable	0.04

In table 1 Chi-Square (CMIN) statistic is shown, where a value of 2.5 was obtained. As this falls below the threshold of 3, it signifies an acceptable level of fit. For Comparative Fit Index (CFI), we observed a value of 0.92. According to the recommended guidelines, a value greater than or equal to 0.90 indicates an acceptable level of fit, while a value exceeding 0.95 is considered excellent. Our CFI value comfortably falls within the acceptable range. Similarly, the Tucker-Lewis Index (TLI) and the Normed Fit Index (NFI) presented promising results. With values of 0.91 and 0.90, respectively, our model demonstrates a commendable level of fit, aligning closely with the recommended target of 0.9 for both indices. Lastly, we assessed the RMSEA (the Root Mean Square Error of Approximation), which returned a value of 0.04. This value, below 0.05, reinforces the reliability of our model. Table 2 shows factor loading that ranged between 0.76 and 0.88, surpassing the recommended threshold of 0.7. To reinforce the reliability of our findings, we also assessed the Composite Reliability (CR) values, all of which exceeded the recommended vale of 0.7.

Table 2
CFA (n=400)

	Factor Loading	AVE	CR
Identification	0.8	0.79	0.82
Description	0.81	0.72	0.75
Assistance	0.78	0.70	0.85
Product consumption	0.82	0.82	0.85
Customer Perception	0.76	0.71	0.86
Purchase Intention	0.88	0.72	0.76

Source: Authors' calculations conducted using AMOS

Table 3
Hypothesis test results

Hypothesis	Path	P value	Result
H1	Identification of brand --> Customer Perception	0.011	supported
H2	Description of the product --> Customer perception	0.015	supported
H3	Assistance in storage --> Customer Perception	0.021	supported
H4	Product Consumption --> Customer Perception	0.02	supported
H5	Customer Perception --> Buying Intentions	0.01	supported

Table 3 presents the results of hypothesis testing, indicating that the identification of the brand, description of the product, assistance in storage, and product consumption have significant effects on customer perception. Customer perception significantly influences buying intentions.

Detailed Analysis of Moderation Model Results

The moderation model investigates the moderating effect of the price variable through multi-group analysis. Table 4. shows that whether the model holds consistently for the price variable across various groups. The non-constrained model for the price variable showed a good fit, because of

the various fit indices: Chi - square (χ^2) = 1510.7, Degrees of freedom (df) = 725, Root Mean Square Error of Approximation (RMSEA) = 0.071, Comparative Fit Index (CFI) = 0.916 and p-value < 0.05. Similarly, the constrained model for the price variable also exhibited a good fit because of the indices: Chi-square = 1662.32, Degrees of Freedom (df) = 777, Root Mean Square Error of Approximation (RMSEA) = 0.075, Comparative Fit Index (CFI) = 0.902 and p-value < 0.05.

Table 4
Results of the moderation model

Moderating variable	(Type of Model	Chi-square	Df	CFI	RMSEA
Price	Unconstrained	1510.7	725	0.916	0.071
	Constrained	1662.32	777	0.902	0.075

Source: Authors' calculations

The moderation tests were conducted to examine whether the moderating groups (e.g., different subgroups based on price) vary at the path level, shown in Table 4. In this study, the researchers specifically focused on the price variable. The results indicated a significant difference in the group's path for the price variable. The significant difference in the group's path suggests that the moderating effect of the price variable varies among the different subgroups. This finding implies that the relationship between the price variable and other constructs in the study is influenced differently based on the different levels or categories of price. The good fit indices for the non-constrained and constrained models indicate that the measurement invariance holds for the price variable. In the case of price as a moderating factor, it was found that there was a significant difference in the paths of the groups. This means the measurement model is not consistent and equivalent across different groups. This means that the way people in different price groups understood or responded to the measurement items was not consistent.

Discussion

All the packaging elements have a major impact on customers' intentions, according to earlier studies [3]; [2]; [4]. The various findings of the study being conducted confirmed the conceptual framework which was proposed to explain the buying intentions of the customers in the

packaging domain [12]. The findings suggested that different packaging elements have a significant and the direct impact on the buying intentions for CPG by the customers. The findings highlight that customers' purchase decision is moderated by the price of the CPG [9]. The findings have revealed that the price has a direct and significant impact on the purchase intentions of CPG. The findings highlighted that the group of respondents with different prices of CPG have different impact of packaging elements for their purchase intentions [11]. This further means that respondents who encounter lower CPG price their intentions to purchase are different as compared to the respondents who encounter high CPG price. The change in price will moderate differently in perceiving the elements of packaging of CPG. This can also be comprehended in a way that the consumers who have more spending power, the price change does not moderate their buying intentions, so they have positive intent irrespective of the price. The results have revealed that there exists a significant and positive moderating effect of price on the relationship between perception regarding the different elements of packaging and purchase intention.

Implications

Theoretical Implications

The findings of our study unmistakably demonstrate that the different packaging elements significantly affect customers' perceptions [10] towards the CPG, enabling him or her to make an informed decision about the purchase. Researchers in this area get information regarding how consumers process visual and textual information on packaging, which can contribute to the literature on information processing and memory, shedding light on how these processes influence buying intentions. Theoretical implications include examining how packaging elements communicate brand values, affect brand perceptions, and build brand identity. Theoretical implications include examining how packaging elements like price cues, quality indicators, and product imagery contribute to consumers' perception of value and how this perception influences their buying intentions. Researchers can investigate how consumers gather and process this information and how it impacts their decision-making.

Managerial Implications

The results of this study can assist CPG firms in marketing and regaining market share by offering goods with highly brand-specific

packaging description of the product assistance in storage and product consumption. Businesses can create customer-specific sales strategies using the data on how specific packaging elements influence purchase intentions. This includes considerations such as color, shape, size, etc. By studying how packaging elements affect purchase intentions, companies can ensure that their packaging aligns with their brand positioning and effectively communicates their brand values to consumers. Understanding which packaging elements drive purchase intentions can guide companies in creating distinctive packaging that sets their products apart from competitors. The product information, nutritional labels, and ingredient lists on packaging can be used to make CPG more consumer-friendly and informative. Further studying the impact of packaging on purchase intentions can provide valuable feedback for continuous improvement. It allows companies to adapt their packaging strategies in response to changing consumer preferences and market dynamics.

Limitations and future scope

To broaden the scope of our research, future studies could delve deeper into the broader spectrum of packaging dynamics, considering not only container dimensions but also sustainability, environmental impact, cultural influences, and other emerging trends in the packaging industry. Investigating the integration of sustainability and environmentally responsible practices in packaging design and production would be a promising area of research.

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