

# **THE EFFECTS OF PRICE AND PACKAGING ON THE CONSUMER BEHAVIOR**

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## **ABSTRACT**

This study aims to analyze the influence of price and packaging on purchase intention. Price is considered to be one of the most important attributes in consumer choice. On the other hand, consumer price knowledge tends to be not so precise. Therefore, this article aims to provide new information analyzing consumer perception or the effects that price and packaging design have on consumer behavior. Packaging design has recently become one of the most popular forms of business-to-consumer communication in terms of influencing consumer purchasing decisions. With this in mind, business organizations around the world continue to emphasize the importance of consumer opinions regarding packaging design, to obtain information that will then be used to determine the approach to use. With the growing importance of packaging design, the main purpose of this article is to provide information on the influence of packaging design on consumer purchasing decisions. One of the main findings of the study is that price and design play an important role in consumer choice, and design factors are important when deciding between two or more substitute product on the market. This research paper goes beyond and describes how numbers and illustrations are the most important element of packaging design that grabs people's attention and how price helps to change or influence people's buying behavior of certain products.

## **KEYWORDS**

PRICE, PACKAGING, CONSUMER CHOICE, DEMAND.

## **JEL CLASSIFICATION CODES**

D01

## **1. INTRODUCTION**

Marketing has played a major role in the business world these days, and in fact today it is considered one of the most important factors to deal with when a company grows sales or plans something better. It is no exaggeration to say that. Achieve organizational productivity. The main goal of an organization is to build an organization that is highly effective and performs well. However, to be effective, your organization must have clear goals and appropriate strategies to achieve those goals. One of the factors to keep in mind is marketing as one of the most important tools for success these days. This research paper deals only with one element of the endless realm of marketing: the design of product packaging and the analysis of whether that design influences consumers' purchasing decisions.

Enterprises use a variety of packaging features when designing product packaging by combining

colors, designs, shapes, symbols, and text. This is Nancarrow et al. (1998) Helps to attract the attention of consumers and products through the images displayed on the packaging. The role of package design was recently appointed by market participants, but its important role is similar to other elements of marketing communications. This is probably because consumers are unlikely to ponder the product brand until they shop in the store.

The section one briefly describes the theory of demand as one of the most important element of today's business world, and the inevitable importance and role of price and packaging in the market and in the consumer choice, and its implication about their purchasing decisions. It also provides information about the analysis of this paper and the research questions addressed in this paper.

Section two reviews potential and existing literature on the impact of price and packaging on consumer choice and provides information on similar observations by various authors on this subject.

Section three consists of analytical parts and presents a model of analysis related to the research questions raised in this research paper. It also provides information about the techniques and tools used in this paper to perform the analysis.

Section four describes the methodological part of this contribution, the empirical analysis, and provides the structure of the questionnaire created and the data on its answers and respondents.

Section five of this paper contains the analysis results of this survey and lists the observations, data, and interpretations of each question in the survey.

The final section is about the conclusions made about this research paper. There will be briefly explained the meaning and results of this research paper, as well as my personal opinion about the impact and importance of price and packaging on consumer choice.

Finally, this research paper demonstrates the impact of price and packaging on consumer choice, emphasizing the inevitable importance that they play in the market, and emphasizes the need to include it in organizational strategies in order to increase the sale revenues. Moreover, it is demonstrated the important effect that price has on the consumer behavior.

## **2. LITERATURE REVIEW**

According to Connolly and Davidson (1996) and its current research, problematic topics in package design have recently attracted the attention of many scientists and businesses, with 73% of purchase decisions at point-of-sale, or in-store. It is done in one of their papers, Rettie and Brewer (2000) pointed out the importance of package design and the increasing use of packages as a means of communication. It is important to consider the opinions of Nancarrow et al. (1998) It states that every package of a product is shaped by several package attributes, such as a combination of colors, shapes, symbols, letters and designs. In this way, you can attract the attention of consumers and identify specific products.

Price, on the other hand, is arguably one of the most influential factors in product perception in the market. According to Beneke et al. (2015), Prices are the actual guide consumers use to make purchase decisions. Price variables are always present in everyday shopping and represent the value of economic spending that consumers have to give up in order to make a particular purchase. This is what Zeithmal (1988) calls sacrificial value. Since price represents a "sacrifice", this variable is in the opposite of the purchase intent, and the higher the price, the less chance of a purchase. In some cases, Nevin e Houston (1980), Mitchell (2010), Kara et al. (2009) stated that consumers do not always view prices negatively, which represents economic costs, but is a complex variable in purchasing decisions. They suggest that price is an indicator of product quality and may represent elegance and status. These negative or positive perceptions of the role of price lead to the consumer's price image. Therefore, price perception has a strong influence on consumers' purchasing decisions. Price recognition provides information about the product and provides consumers with profound implications (Kotler and Keller, 2016). Therefore, price is an important factor in purchasing decisions for products that are purchased particularly often, and then

influences the choice of which store, product, and brand to prioritize (Faith and Agwu, 2014). Consumers are very rational when it comes to assessing the profits, they want to get from purchasing the products and services they are paying for (AlMamun and Rahman, 2014). Product prices can be divided into three dimensions: fair price, fixed price, and relative price. Reasonable price refers to adjusting the price to provide a combination of quality and reasonable service at a reasonable price (Kotler and Keller, 2016). Fixed prices are fixed prices for all buyers (Kotler and Keller, 2016). Relative prices are prices set according to the seller's quality and service (Kotler and Armstrong, 2014). According to a survey by Komaladewi and Indika (2017), most respondents, like the results of Djatmiko and Pradana (2015) and Termsnguanwong (2015), see price as an important factor influencing purchase decisions.

The majority of consumers are price sensitive, but also consider other factors such as brand image, location, service, value and quality (Tjiptono, 2008). Many consumers use price as a quality indicator, based on the general phrase "you get what you pay for" (Lien et al., 2015). Tajdar et al. (2015) Recommended that the brand should be reasonably priced. According to Tjiptono (2008), price is an important factor as it influences the brand's image and positioning strategy. Perceived high prices reflect high quality, and vice versa, as consumers tend to associate prices with product levels. In addition, Bühler and Halbherr (2017) state that price is a factor that helps improve brand image.

Another important debate related to this issue is whether consumer behavior is consistent across cultures around the world. However, while some observers believe that some of the basic issues are exactly the same across countries, certain details can be interpreted as different across cultures. Underwood et al. (2001) suggests that packaging is a symbol that effectively conveys the positive or unfavorable meaning of a product, and that the characteristics of the packaging can emphasize the originality and uniqueness of a particular product. Colors, symbols and images are important attributes of product packaging, so that all companies receive designs that serve as a strategic way to differentiate products in the market and as an important tool for market segmentation, tries to combine them. Packaging as one of the key communication elements of a product has some basic functions that define packaging according to its role in logistics and marketing, according to Pitt and Prendergast (1996). In the logistics department, the function of packaging is to protect a particular product while it is being transported through the distribution channel. In addition, it can increase the cost of the product, but reduce the possibility of damage, loss, rot, etc.

Package design consists of several elements that, when properly combined, can have a positive effect on sales. These appearance features can also be used in combination with other quality features as a powerful strategic differentiator to improve consumer awareness. One of these appearance attributes is color. It is defined as one of the nonverbal signs of a major market phenomenon (Evans et al., 1996), Belizzi et al. (1983), its importance is recognized in advertising. And packaging. Some authors, such as Danger (1987), emphasized the role of color as the primary visual indicator used to attract the attention of consumers, and color as the first element people notice in product packaging design. Is defined. Despite the importance that color may attract the attention of consumers, Kojina et al. (1996) suggest that package color preferences can influence consumer choice, and this opinion on package color is Gordon et al. (1994) was also endorsed and endorsed by the author group. Despite these opinions, many scholars, such as Schoormans and Robben (1997), say that color is an important packaging sign that draws people's attention and can actually be presented as the first sign that consumers pay attention to. Insisted. Previous study by the author Garber et al., (2000) support the opinion that it draws the attention of consumers when looking for a variety of product choices. Another packaging element that is said to play an important role in packaging design is the packaging shape of the product. This influences product ratings and consumer choices, according to Veryzer (1993). Studies by Creusen and Schoormans show that product design can be used as an important tool to determine a consumer's first impression of a particular product and to attract market segmentation and potential consumers. As the study of Schmitt and Simonson (1997) shows, there are also symbols that represent other important elements such as photographs and illustrations, as well as other visual elements that serve to attract the attention of consumers.

### **3. RESEARCH METHODOLOGY**

There are many studies in the existing literature that highlight the impact of price and packaging on consumer choice, and its impact on product variations. In fact, some authors relate price and packaging design to the quality of products in economic models that show the impact on consumer attention and increased consumer demand. This research paper examines the relationship between price, packaging and consumer choice, and whether this relationship is positive, that is, cheap and good packaging design has a positive impact on consumer choice for a particular product. The survey should also investigate whether prices have a positive impact on consumer behavior.

Up to now, in the Balkan region, both price and package design have shown the impact on consumer choice, but there was a gap to measure. Based on this, this research paper creates two hypotheses, and with the help of them, attempts to provide answers to the questions in our research.

H1: There exist a positive relationship between the price and consumer behavior.

H2: Packaging has a positive impact on consumer choice.

Thus, previous section clarified the importance of price and packaging and discussed similar dissenting opinions and studies from various authors. The methodology section of the next section attempts to design a methodology that provides the answer to the hypothesis made.

The literature review section emphasized the importance of pricing and packaging to consumer choice, based on the available literature and analysis performed by many authors. The data analysis is one of the most important parts of the survey process, as it is necessary to design the survey and select the right tools and methods for data collection. A survey was created to collect the data needed to perform this analysis, and 144 respondents responded to this survey. Questions that participate in the questionnaire are categorized as closed-closed, and the answers are created according to a Likert scale from "strongly agree" to "strongly disagree". Descriptive statistics are used to obtain the results from this survey.

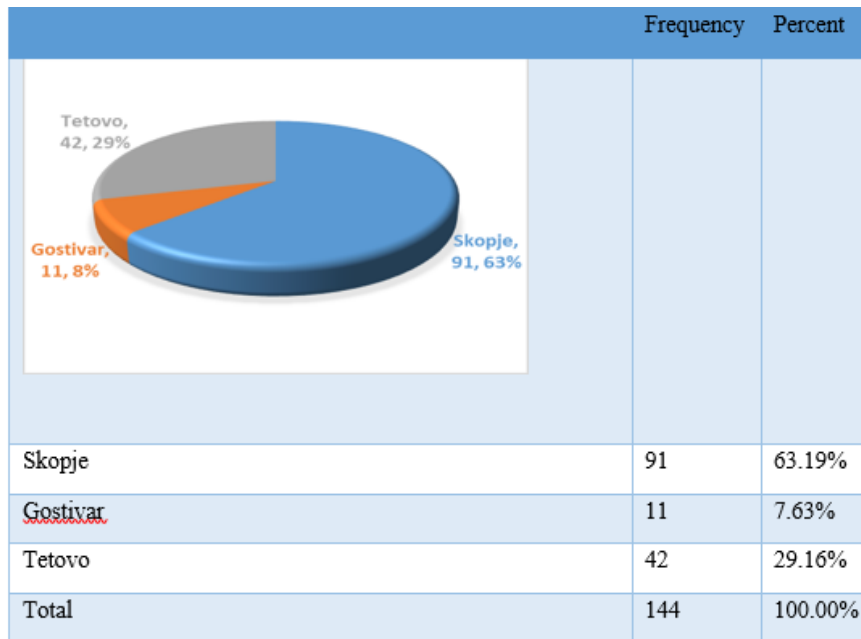
### **4. EMPIRICAL FINDINGS**

This section reviews the answers to the hypotheses made in this research paper and presents the results of a survey conducted to individually interpret the results of each question. As mentioned earlier, this analysis is performed using a questionnaire consisting of the first three questions related to the respondent's location, gender, and age. The answerer's location question is asked as the first question in the first section of the questionnaire. It consists of three main questions used to determine the structure of the respondents. In this question, they were asked to indicate where they lived, and based on their answers, they found the following results.

#### **Question 1: Location of the Respondents**

Based on the results of the survey, 91 respondents were resident of Skopje, thus from 144 respondents approximately 64% are from the capital city. On the other side, 42 are from Tetovo. While only 11 respondents are from Gostivar.

Figure 1: Location of the Respondents

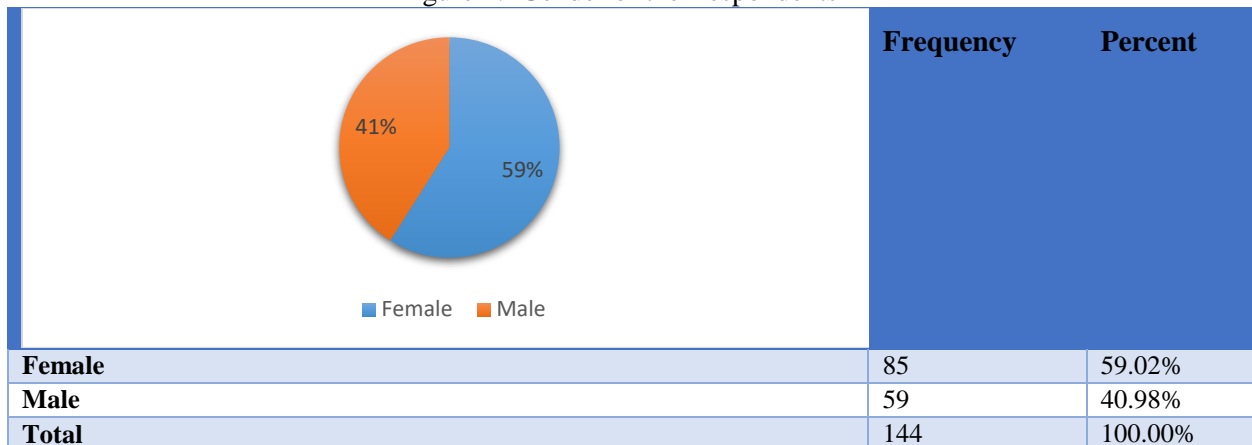


Source: Authors calculations

**Question 2: Gender of the Respondents**

As for the second question of the survey, which is intended to determine the gender of the respondents the following results have been shown in the figure 2 below. Regarding the results that have been collected from the survey we can claim that from total of 144 respondents, 85 are females, thus 59.02% females, and 59 or 40.98% in this survey are males.

Figure 2: Gender of the Respondents

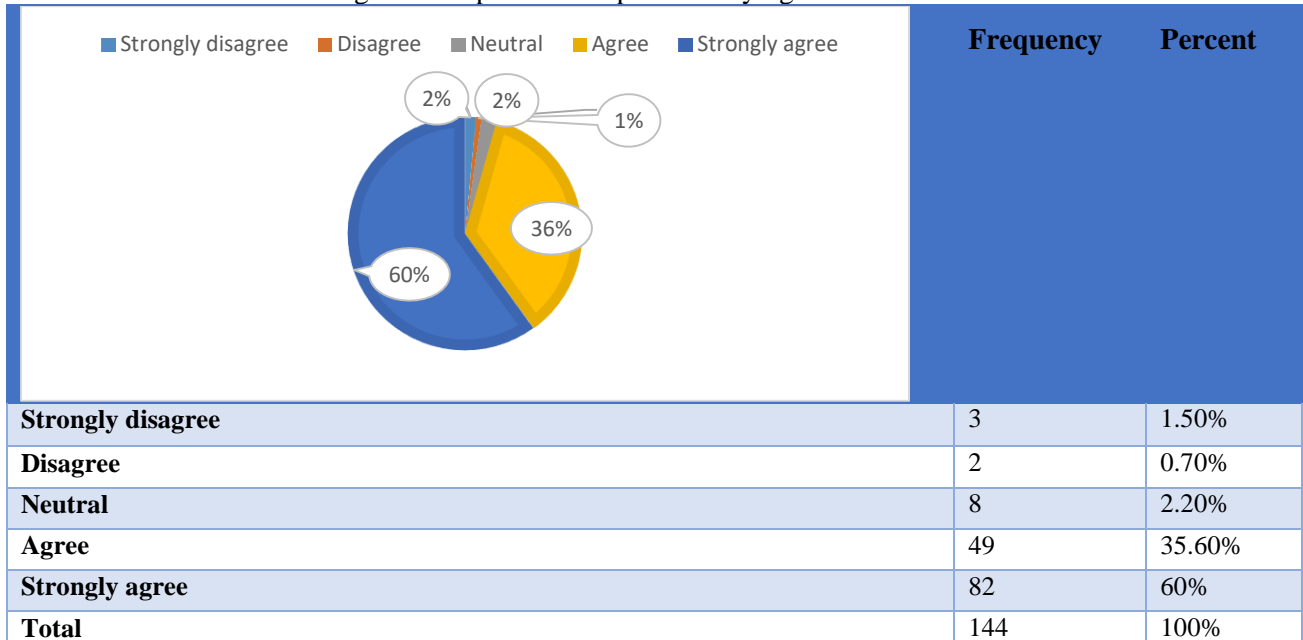


Source: Authors calculations

**Question 3: Price plays a very important role in my buying behavior:**

Question 3 deals with the importance of the price when consumers are buying a product. Results claim that 82 respondents strongly believe that price is an important factor that has a significant impact on consumer choice when purchasing a product. 49 only agree for the significant impact of the price on consumer choice. Five neutral respondents of the 144 claim that price doesn't affect the product consumption.

Figure 3: Importance of price in buying behavior

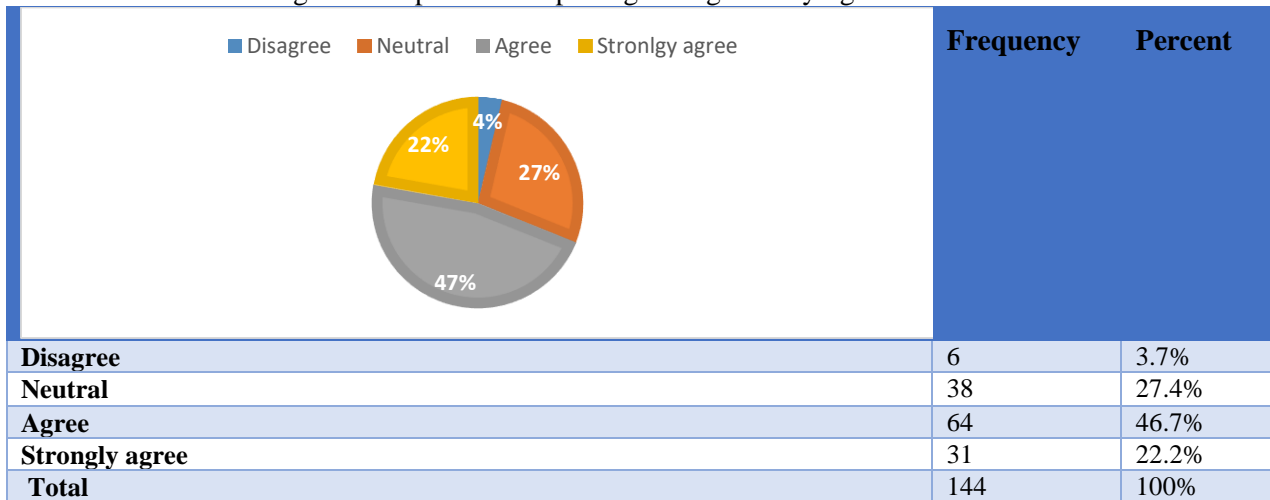


Source: Authors calculations

**Question 4: Package design has a great importance and impact over my buying behavior:**

As for the question 4, it is seen if the package design plays an important impact on the consumer choice, the following answers have been gathered: 46.7% claim that packaging design plays a huge role on the consumers' choice, 22.2 % strongly agree, while 38 are neutral for its importance.

Figure 4: Importance of package design in buying behavior

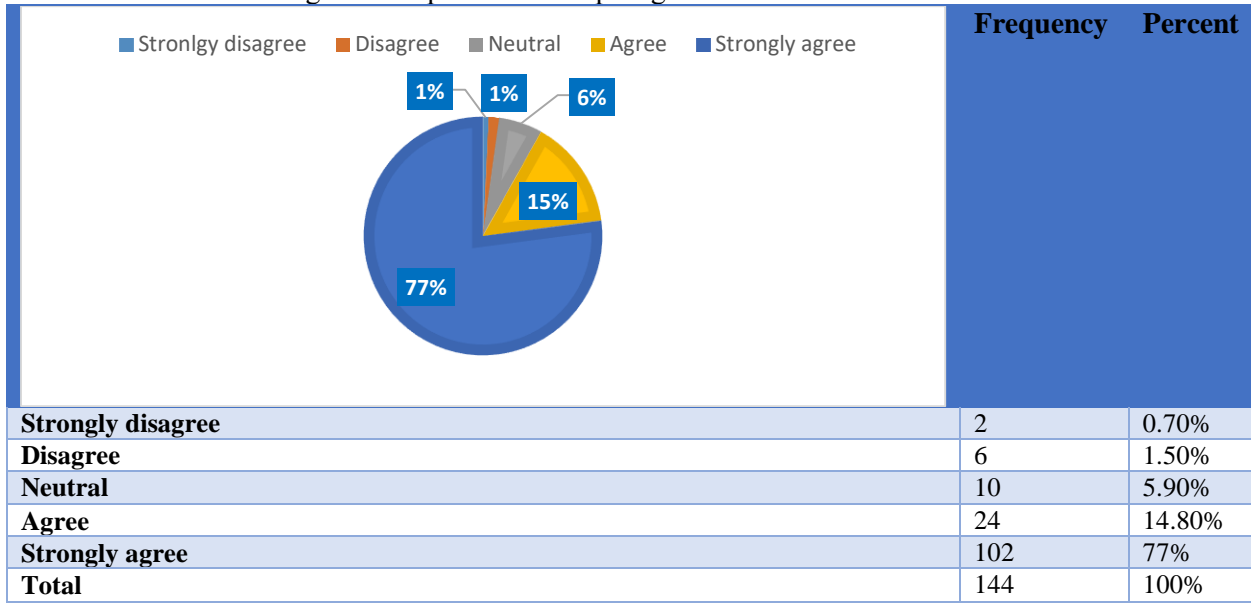


Source: Authors calculations

**Question 5: Expiring date of a product has an importance in my decision to buy the product:**

As for the question five, the results indicate the answers in order to see whether the expiring date of a product plays a high importance on the consumers' choice. 102 of the 144 respondents strongly agree that expiration is an important factor in consumer choice, and 24 confirm this as I agree while 10 are neutral. 6 disagree, but 2 respondents strongly disagree to this. This results show expiration as an important indicator that plays a very important role in consumer purchasing decisions when purchasing a particular product.

Figure 5: Importance of expiring date in consumer's choice

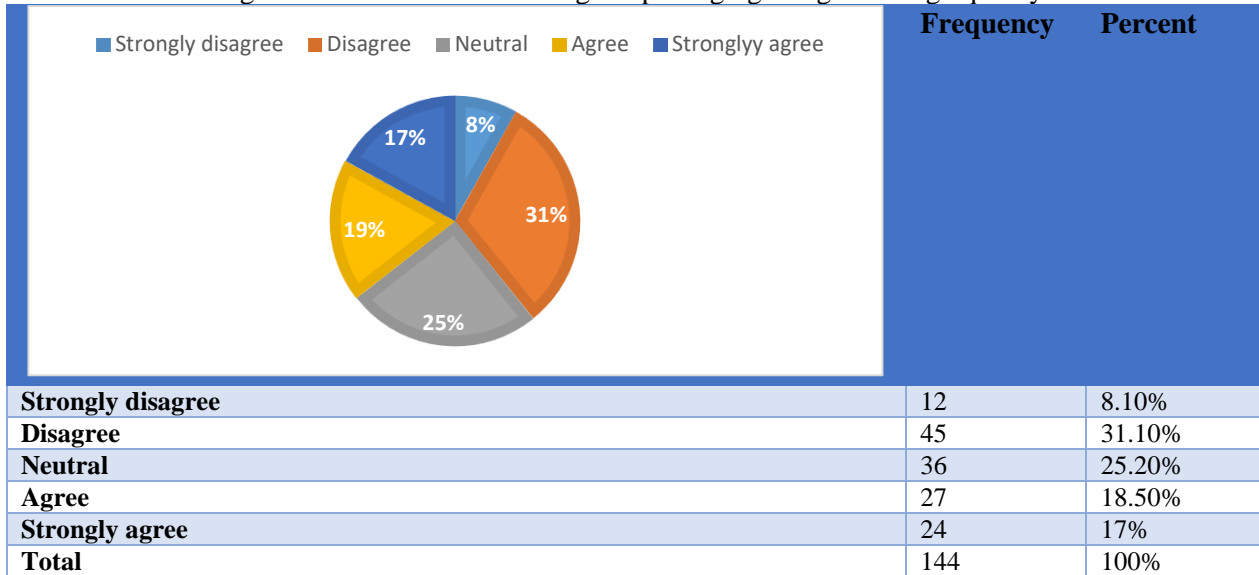


Source: Authors calculations

**Question 6: Packaging design is related to high quality of the product:**

The following two questions, namely question 6 and 7 are created to show if the package design correlates with the quality of the product. That is, it shows whether good packaging design is related to high quality or low quality, and the results are presented in the figure below.

Figure 6: Correlation between good packaging design and high quality

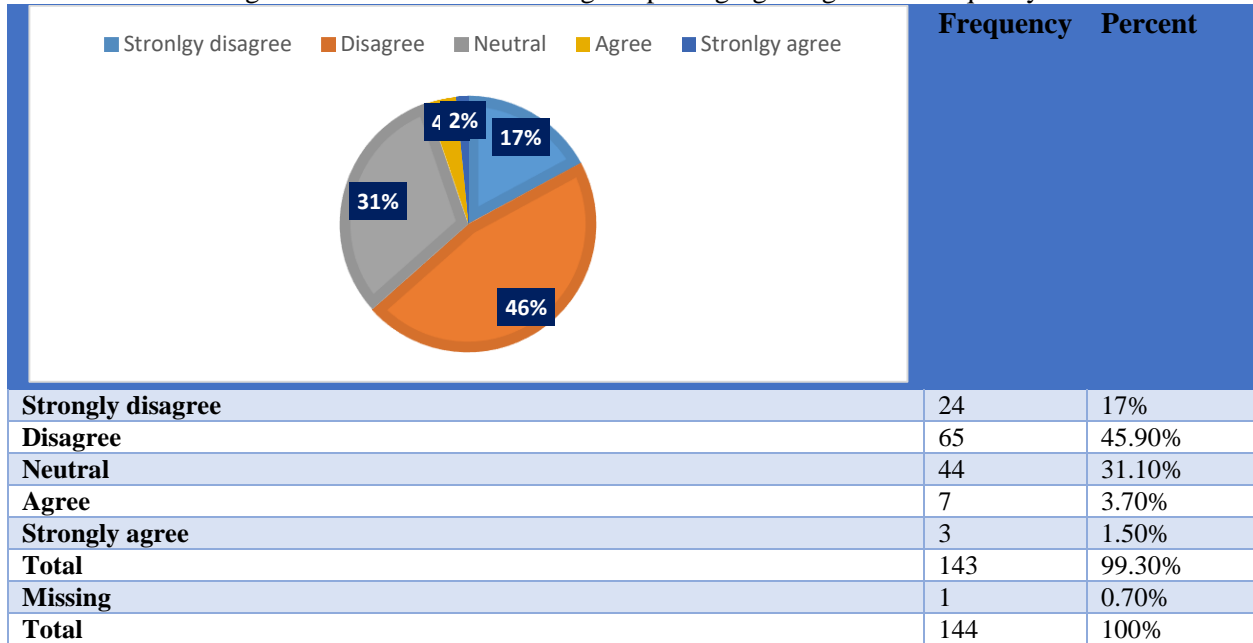


Source: Authors calculations

**Question 7: Packaging design is related to low quality of the product:**

The results of the seventh question, which is the opposite of the previous question, show that 46% of respondents disagree with the statement that products with good packaging design are of poor quality and 17% strongly disagree. Only 3 respondents strongly disagree while 31% are neutral.

Figure 7: Correlation between good packaging design and low quality

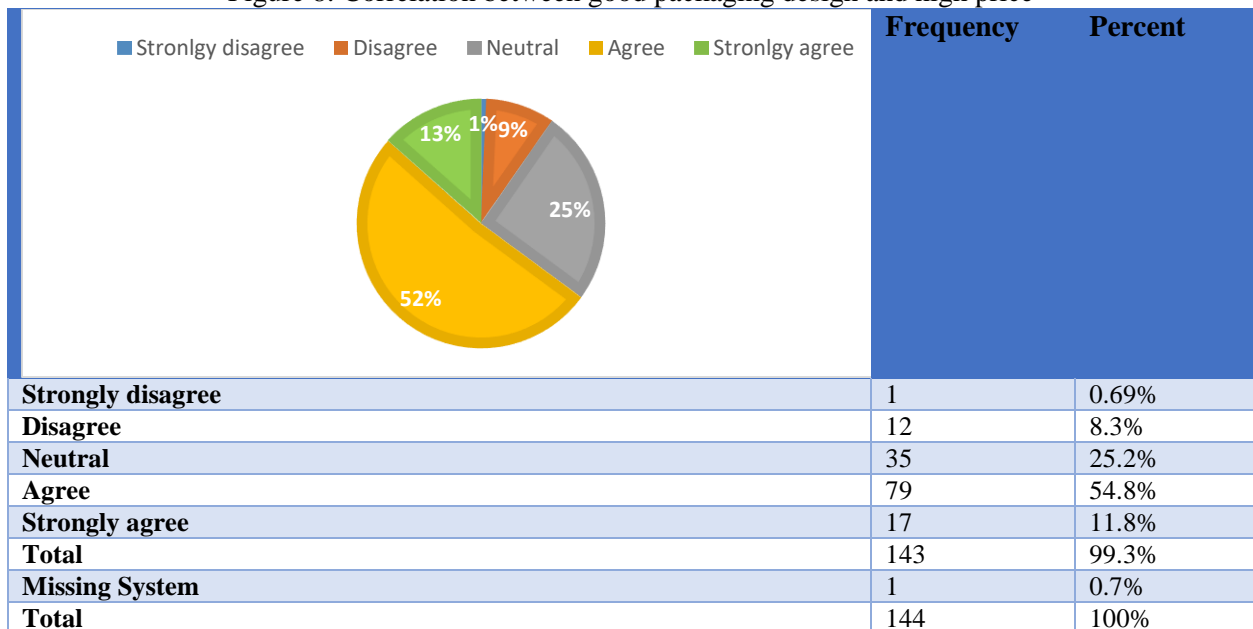


Source: Authors calculations

**Question 8: Good packaging design is related to higher price of the product:**

The following results were obtained for the 8th and 9th questions of the questionnaire, which was virtually created to show the relationship between package design and price. From the tables and graphs, we can see that only one of the 144 respondents did not answer this question. Out of these, 54.8% agree that products with good packaging design are priced high on the market. 8.3% percent of respondents did not agree with this statement and marked the answer.

Figure 8: Correlation between good packaging design and high price



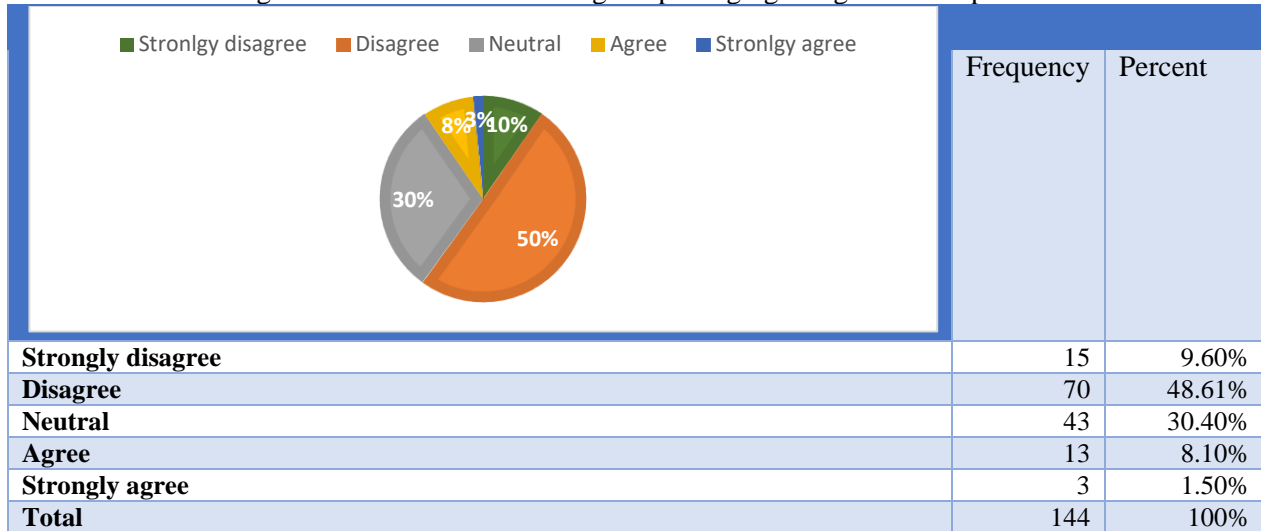
Source: Authors calculations



**Question 9: Good packaging design is related to cheaper price of the product:**

The results in this table only reinforce the certainty of the results of the previous question. Of the 144 respondents, 70, or 48.61.4%, say that products with good packaging design are cheap on the market. This indicates that they do not agree. By linking the answers to the previous two questions, it can be realized that there is a relationship between package design and product pricing.

Figure 9: Correlation between good packaging design and low price

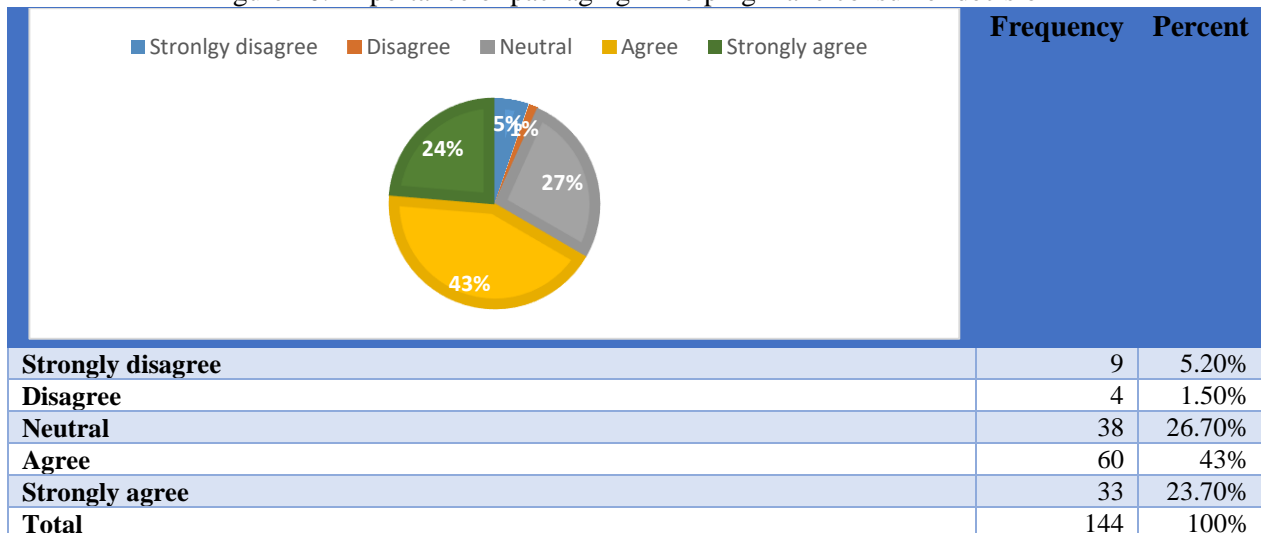


Source: Authors calculations

**Question 10: Package design helps me as a consumer to make choices when buying products in the market:**

The following question 10 is also related to the first hypothesis of our study. This shows whether package design can greatly help consumers make choices when buying products in the market. The result of the respondent is as follows. From this data, it can be said that 43% of respondents agreed that package design would be of great help to consumers when purchasing a product. 23.7%, or 32 respondents, strongly agree with this statement, but only 1.5% do not, and 5.2% do not explicitly agree.

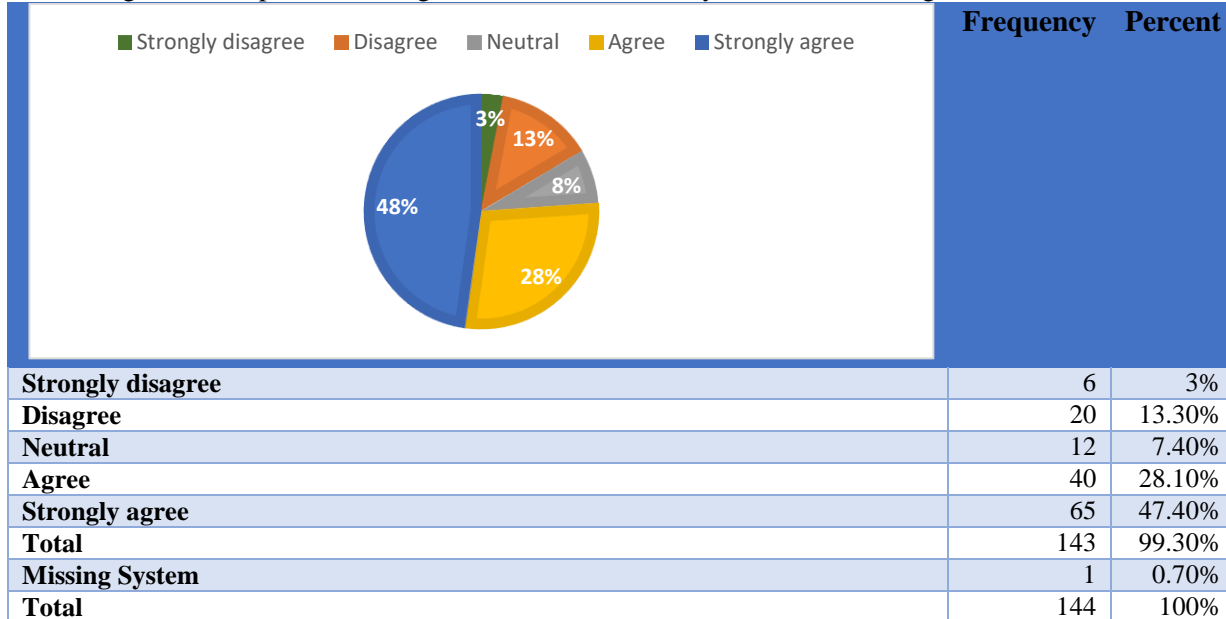
Figure 10: Importance of packaging in helping make consumer decision



**Question 11: Figures, illustrations and symbols are important to attract consumer’s attention:**

The results in these tables show that all the factors in the survey are important for attracting consumer attention, while figures, illustrations, and symbols show that 47.4%percentage of respondents strongly agree with this confirmation.

Figure 11: Importance of figures, illustrations and symbols in attracting consumer decision

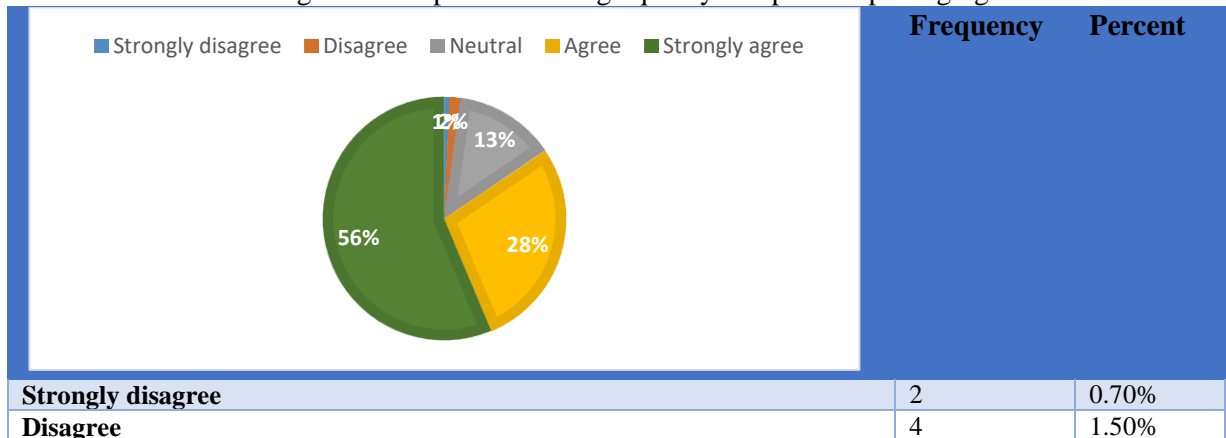


Source: Authors calculations

**Question 12: I would stop purchasing a product with a good package design that is not of high quality in the future:**

The following question 12 is provided to ask the buyer if he / she will stop purchasing a product with a good package design that is not of high quality in the future. The results are shown in the table below and in the graph. The results show that 56.3% and 80 respondents, respectively, agree with the statement that complete information greatly facilitates consumer decision-making when buying products in the market, while 0.7% or 2 persons only shows strong opposition to this statement. Respondents found that they would not buy products with good packaging design that were not of high quality. These results also show how important quality is when consuming a particular product.

Figure 12: Importance of high quality and product packaging



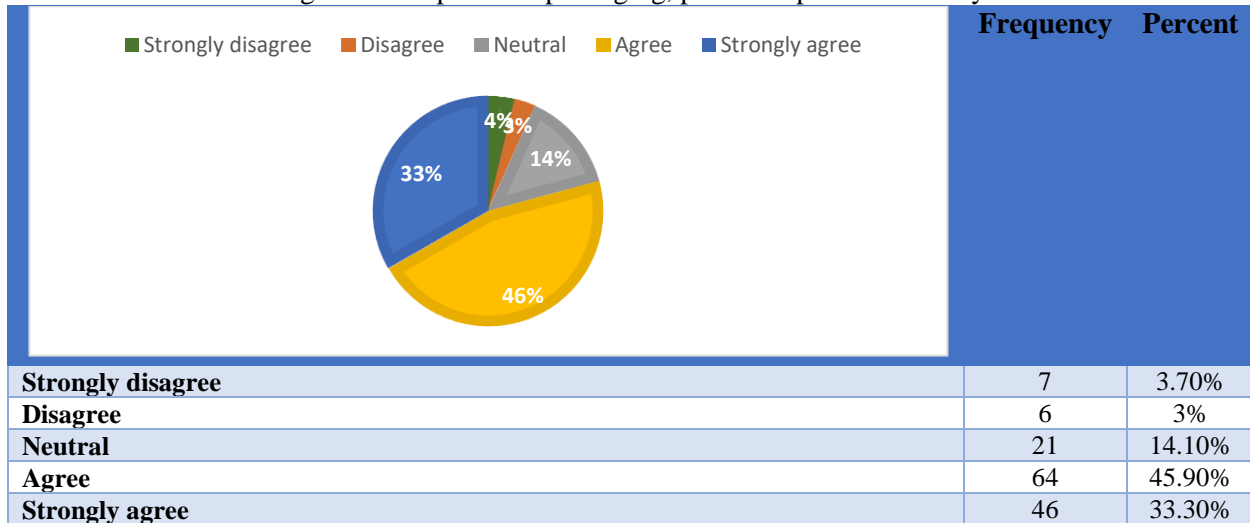
Neutral	20	13.30%
Agree	38	28.10%
Strongly agree	80	56.30%
Total	144	100%

Source: Authors calculations

**Question 13: A product with a good packaging and price provides me with product security and this helps me make a purchase:**

The question 13 was created to see if a product with a good packaging and price provides consumers with product security and if this helps them make a purchase. The results of this question are shown in the following table and figure.

Figure 13: Importance packaging, price and product security



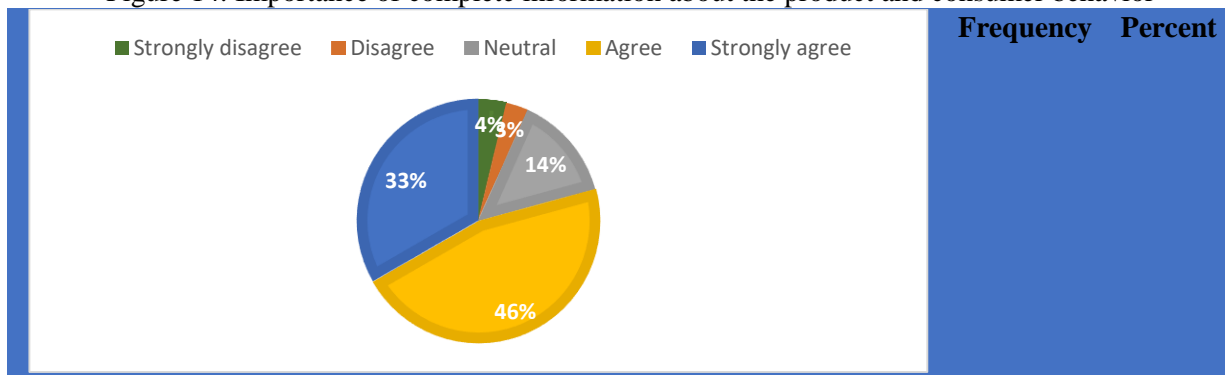
Source: Authors calculations

**Question 14: Complete information about the product would help me as a consumer buy the product in the market:**

The final question was intended to show if complete information about the product would help consumers buy the product in the market and collected the following results:

The data in this table show that 45.9 percent of the respondents or 66 respondents from total 144 agree that products with good packaging design give assurance to the consumers about the product and that this helps a lot in its purchasing, while only 3 percent of the respondents don't agree to this affirmation.

Figure 14: Importance of complete information about the product and consumer behavior



<b>Strongly disagree</b>	7	3.70%
<b>Disagree</b>	5	3%
<b>Neutral</b>	19	14.10%
<b>Agree</b>	66	45.90%
<b>Strongly agree</b>	47	33.30%
<b>Total</b>	144	100%

*Source: Authors calculation*

## 5. CONCLUSION

This paper highlights the importance of the price and packaging design as factors that influence the consumer choice. Also trying to attract the consumer attention of these factors as one of the most important factors in attracting consumer attention. As a result of the research conducted, it was concluded that the design and price are important tools that can increase the consumption of a specific product and are presented as important factors that play a major role in consumer selection. The data collected from the survey provides the expected results, price and packaging design have a positive impact on consumer choice that attracts their attention. There were confirmed the hypothesis of the research paper. Finally, the analysis of the impact of price and package design on consumption can be used as useful information to help businesses maximize profits by understanding consumer preferences and reactions to product design and price policies in their near future.

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