## THE EFFECT OF PACKAGING ON THE ORGANISATIONAL PERFORMANCE. A CASE STUDY OF MUKWANO INDUSTRIES

 $\mathbf{BY}$ 

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# A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE BACHELOR OF SUPPLIES AND PROCUREMENT MANAGEMENT OF KAMPALA

INTERNATIONAL UNIVERSITY

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#### **DECLARATION**

I Munir Ismail The research has never been submitted to any university or higher institution of learning for any Academic qualification. This research is a result of my own independent research effort and investigation.

Signature.

Date 19/06/2014

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#### APPROVAL

This is to certify that Munir Ismail carried out the study and wrote this report under my supervision. The report has never been presented for examination with my approval as a university supervisor at Kampala international university.

Signature	Date
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MS KYOTUHAIRE LYNN

#### **DEDICATION**

I Dedicate my report to my beloved father Kisire Daud Kajangwa and brother Said Sebbit, whose effort in my academic life has been tremendous for the completion of my research and education, it has been your strong and kind effort that has rendered me success in my study.

I will always appreciate the kindness and love they have shown me.

May God bless them all.

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#### **ACRONYMS**

CIPS: Chartered Institute of Purchasing and Supplies

CILT: chartered institute of logistics and transport

#### ABSTRACT

The purpose of the study was to establish the effect of packaging on organizational performance. The study was guided by three specific objectives and these includes; i) to find out the effect of packaging on product quality ii) to find out how packaging contributes to organizational performance and ii) to establish the relationship between packaging and organizational performance. The study adopted a descriptive research design basing on qualitative data from secondary sources. The study employed cross section design which includes observations, face to face interviews and questionnaires.

From the findings, it was revealed that the respondents noted that materials for packaging is the dominant challenge they face during packaging because they are scarce, 22% noted costs because sometimes packaging is expensive, 12% noted colors and 3% others challenges. respondents noted that they experience changes in the sales when products are packaged well that is an increase, 24% of the respondents said no and 18% of the respondents were not sure whether there are changes or not. The respondents noted that they experience changes in the sales when products are packaged well that is an increase, 24% of the respondents said no and 18% of the respondents were not sure whether there are changes or not.

The study also recommends that manufacturers and sales executives should endeavor to strike a balance in their marketing campaigns between packaging techniques and other factors that influence performance. This will enable them to achieve and sustain the desired sales as noted by the respondents in table 4.9 and figure 4.5.

The study recommends that, it must be remembered that this study was purely literature review based. Thus, the facts and findings in this report are based on the studies conducted in the past and my own research. Therefore, further research should be conducted to advance this study using the same variables but with more vigorous methodologies such as cross-sectional, longitudinal and co relational research methods using both primary and secondary data.

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.0 Introduction

This chapter was to highlight the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and the conceptual frame work.

#### 1.1 Background of the Study

According to Boyd and Orville (1990), packaging was defined as the container or wrapper that holds a product or group of products in order to protect the product(s) from environmental hazards and make storage and transportation easy and convenient.

Before World War II, packaging was used primarily to surround and protect products during storage, transportation and distribution. Some packages were designed with aesthetic appeal and even for ease use by the end user, but package design was typically left to technicians (McCarthy and Perreault Jr. 1998). Since the beginning of industrial revolution in the mid 1800s, the "build it came" maxim had prevailed. After World War II, companies became more interested in marketing and promoting as a means of enticing customers to purchase their products. As a result, more manufacturers began to view packaging as a way to lure buyers.

During the 1990s, several factors contributed to turn packaging into an integral part of most companies marketing mix. As consumers began to rely more heavily on manufactured goods and processed food items, new technologies related to production, distribution, and preservatives led to a massive proliferation in the number and type of products and brands available in industrialized nations. Thus packaging became a vital means of differentiating items and informing inundated consumers (Doyle, 1996).

Packagers and researchers of consumer products such as Doyle contend that packaging began to play a big role in selling products during the 1990s. They argue that companies can no longer rely solely on advertising to communicate information about and marketing their packaged products to consumers. Instead, packaging has taken on a greater share of this responsibility (Doyle, 1996).

Since the 1990s, manufacturers have increasingly embraced packaging in their marketing mix programs as a strategy aimed at promoting their performance. Companies have set aside funds for research to design and develop more appealing ways of packaging their products aimed at capturing a greater market share. Despite the increased acceptance that packaging promotes sales volume, evidence that packaging leads to greater organizational performance remains scanty (Erwin and Healy Jr. 2006). Customers were found to react negatively to inferior packaging features most, thinking that the products were inferior, than when superior packaging features were used.

Some of the marketing and packaging researchers indicate that the effects of packaging are mostly pronounced in differentiating a company's offer from the competitor's offers, giving an easy identity to its products, introducing new products or new product designs, reduction in packaging costs, product line restructuring, accommodation of consumer needs, wants or complaints, the advent of new materials or technologies, but with little evidence of increased performance (Erwin and Healy Jr. 2006, Hisrich, 2005). This put into question the essence of adopting packaging as a strategy to promote sales.

#### 1.2 Statement of the Problem

The recent years have seen many companies embrace packaging in their marketing mix programmes as a way of enhancing their performance by offering products with more appealing and differentiated product packages with ease of use, storage and transportation (Doyle, 1996). However, the evidence that investment in packaging programs results into increased sales, remains scanty (Erwin and Healy Jr. 2006; Hisrich, 2005). Customers seem to react to packaging mostly when they interpret goods to be of inferior quality due to poor quality packaging than when superior packaging features are used.

In spite of such tendencies, there are very many products and companies which have failed due to poor packaging for example BB soda which was a product of Nile Breweries Uganda failed in 1996, Burger King Baguette line of sandwiches from Switzerland in 1993 and so many others

Therefore this study seeks to address such problems above using Mukwano as a point of reference.

#### 1.3 Purpose of the Study

The purpose of the study was to establish the effect of packaging on organizational performance.

#### 1.4 Objectives of the Study

- To find out the effect of packaging on product quality.
- To find out how packaging contributes to organizational performance.
- To establish the relationship between packaging and organizational performance.

#### 1.5 Research questions

- ➤ What was the effect of packaging on product quality?
- ➤ How did packaging contribute to organizational performance?
- > What is the relationship between packaging and organizational performance?

#### 1.6 Scope of the Study

The study focused on Mukwano Industries as a point of reference which is located in Kampala-Uganda, plots 30 Mukwano/press roads, industrial area and also focused on packaging as the independent variable and organizational performance as the dependent variable.

#### 1.7 Significance of the Study

The study was to help the researcher to acquire skills in conducting research and to get his Bachelor's Degree in supplies and procurement management as part of the academic requirement.

The study findings was to help bring out the potentials and weaknesses of packaging as a marketing and selling strategy. Such findings act as guide to decision makers and also help them to harmonise more from their packaging strategies.

The study findings and the report helped to add on the body of existing literature, and only give a basis to future research but also provide reference to future students and researchers.

The study is helpful to students, lecturers and tutors of diploma, undergraduate in the field of procurement, Chartered Institute of Purchasing and Supply (CIPS), Chartered Institute for Logistics and Transport (CILT) to become more creative and innovative by being unique from other researchers by not imitating what other researchers did. It provided ideas that helped the student to identify the gap between the problems of the study.

The study involved other researchers for more future findings which help in providing and procuring necessary information.

The study was to help the managers of Mukwano Industries to understand what other researchers in the area of packaging benefits their organization.

#### 1.8 The conceptual framework

The conceptual frame work of this study was to accommodate variables to influence the effect of packaging on organizational performance in the case of Mukwano industry; of which packaging was defined as the container or wrapper that holds a product or a group of products in order to protect the product(s) from environmental hazards and make storage and transportation easy and convenient. However the relationship was modified by low sales, limited customers and losse

Figure 1.1 Conceptual frame works

INDEPENDENT VARIBLE

## DEPENDENT VARIABLE

**ORGANISATIONAL** 

### **PACKAGING**

#### **PERFORMANCE** Improved packaging **Organizational** INTERVINING performance Increased sales Poor packaging Employee Good company image stewardship Low sales Product overview Financial Product Limited specification performance customers Increased Customer service customers purchase Poor company Industry links image profits Losses Social Less responsibility purchasing

(Source: Researcher 2014)

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.0 Introduction

This chapter was about the review of related literature authorized by various Scholars in respect of the study variables and objectives. The data is to be Analyzed and interpreted to establish the effect of packaging on the organizational Performance in the case of Mukwano industry.

#### 2.1 Packaging

#### 2.1.0 Definition of packaging

According to Evans and Barry (1982), packaging is the procedure a firm follows in researching, developing, and implementing its package(s). A package is the product's physical container, label, and inserts. The physical container may include; a cardboard box, cellophane wrapper, glass, aluminum, or plastic jar or can, paper bag, Styrofoam, or a combination of these (Evans and Barry, 1982 Marketing (1<sup>st</sup> Ed), Macmillan Publishing Co. New York.).

According to Boyd and Orville (1990) Marketing Management: A Strategic Approach (2<sup>nd</sup> Ed.), Boston: Irwin. Defined packaging as the container or wrapper that holds a product or a group of products in order to protect the product(s) from environmental hazards and make storage and transportation easy and convenient.

To Fiedler (1995) Distribution Packaging Technology, packaging is a container or a wrapper for a consumer product that serves a number of purposes including protection and description of the contents, theft deterrence, and product promotion.

On the other hand, Selke (1994), Opie (1991), and Stillwell (2007) defined packaging as a science, art and technology of enclosing or protecting products for distribution, storage, sale and use. They concurred that packaging involves the process of designing, evaluation, production of packages and package labeling with either electronic or graphic communications on the packaging or on a separate but associated label.

#### 2.1.1 Packaging Types

According to Middleton (1996) and Karl (2006), packaging may be looked as a transport package or distribution package purposely used to ship, store and handle the product or inner

packages. They added that packaging can as well be classified as consumer package and this is the one which directed towards a consumer or household.

According to Brody and Marsh (1997) and Calver (2004), packaging was categorized by layer or function, primary or secondary. They noted that primary packaging is the material that first envelops the products and holds it. They observed that this usually is the smallest unit of distribution or use and is the package which is in direct contact with the contents. Secondary packaging is outside the primary packaging, perhaps used to group primary packages together (Brody and Marsh, 1997; Claver, 2004).

Claver (2004) noted that the other type of packaging is called tertiary packaging which is used for bulk handling, warehouse storage, and transport shipping. The most common form is palletized units load that packs tightly into containers.

#### 2.1.2 Importance of Packaging

According to Asmill (2008), packaging fulfills an essential role in today's society. It is an integral part of the safe and efficient distribution and sale of products to consumers. The essential task of packaging is to contain, preserve and protect the product and to provide information about the contents of the package.

Braden (2006) concurs with Evans and Barry (1982) that packaging has different importance; containment and protection of the products, usage of a product or the package itself, communication of product information, market segmentation, channel cooperation, to facilitate product storage and shipment, reinforcement of branding and new product planning.

Packaging has a key role to play in sustainable development. However, its high visibility married with its importance as an essential facilitator for the distribution, marketing and safe use of consumer and other products, creates significant challenges for advancing sustainable development in packaging. Consumer behavior and spending trends, market segmentation and developments in distribution are examples of drivers for new packaging formats and technologies, which are often contrary to the principles of sustainable development (James *et al.* 2005).

In a more elaborate way, Fiedler (1995) and Stillwell (2007) agreed on the following importance of packaging.

Physical protection; Packaging help to enclose and protect objects/ products from among other things like shock, vibration, compression, electrostatic discharge, and unfriendly temperatures.

Barrier protection; Packaging act as a barrier of products from oxygen, water vapor or dust that would otherwise affect the state of products. Braden (2006) noted that permeation is a critical factor in packaging design. Therefore, some packages contain desiccants or oxygen absorbers to help extend shelf life. Therefore, keeping the contents clean, fresh and safe for the intended shelf life is a primary function of packaging.

Information transmission; The package communicates a company image through its design, label, color, brand and display. Packages and labels communicate how to use, transport, recycle or dispose of the package or product. With pharmaceuticals, food, medical and chemical products, some types of information are required by governments and these are achieved through packaging designs and packaging.

Containment or agglomeration; Packaging helps to contain and group together small objects and promotes efficiency. For liquid, granular and other divisible products, containment is needed to secure the items in a given quality and form (Evans and Barry, 1982).

Convenience; Packaging designs are usually adopted as strategies to increase the convenience of carrying, storing and using the products. Where such strategies are used, packages can have features which add convenience in distribution, handling, display, sale, opening, re-closing, use and re-use.

Marketing; Packaging as a tool is used by marketers to encourage potential buyers to purchase the products. Packaging design has been an important and constantly evolving phenomenon for dozens of years. Marketing communications and graphic designs are applied to the surface of the package and in many cases the point of sale displays to attract customers.

Security; Packaging plays an important role in reducing the security risks during shipment and storage. Packages can be made with improved tamper resistance to deter tempering and also can have tamper-evident features to help indicate tampering. Packages can be engineered to help

reduce the risks of package pilferage. Some package constructions are more resistant to pilferage and some have pilfer-indicating seals. Packages may include authentication seals to help indicate that the package and contents are not counterfeits. Packages can also include anti-theft devices, such as dye-packs, electronic article surveillance tags, that can be activated or detected by devices at exit points and require specialized tools to deactivate. Using packaging in this way is a means of loss prevention.

**Portion control;** Packaging is also used to package products for specific duties, customers or homes. Single serving or single dosage packaging has a precise amount of content to control usage. Bulk commodities (such as salt) can be divided into packages that are of a more suitable size for individual households. It also aids the control of inventory: selling sealed one-liter-bottles of milk, rather than having people bring their own bottles to fill themselves.

#### 2.1.3 Factors that affect packaging

According to Jefkins (1994) and Middleton (1996), packaging is affected by various factors which include the following.

#### Costs

According to Jefkins (1994) and Middleton (1996), packaging is a distributive cost and therefore its costs must be controlled. Despite its many functions, targets and demands, packaging must be designed and adopted in line with company's target market objectives. The use of an expensive pack for example may be psychologically good for a product which is bought as a gift where by the pack will be impressing and pleasing the receiver. It could be necessary because the product is fragile and needs protection, may also be necessary because of the value addition to a product in order to attract a certain class of customers and price.

However, where necessary packaging costs should be kept as low as possible because it contributes to and influences a firm's product price and product demand and this may compromise performance. Packaging therefore calls for considerable thoughtfulness. It may be made possible to market some products because they are packed in a certain way.

#### Materials

Packaging may consist of one or more elements (Middleton, 1996). These may include the container its self, a label on the container, and sometimes an outer container such as a box or carton. The choice of the materials in each case should match the target market, cost effectiveness, type of the product, corporate image and brand image of the products among others. In such circumstances, different materials such as glass packets such bottles, plastics, wood, paper, cardboard, metal foil, metal and cellophane have may be used (Jefkins, 1994, Middleton, 1996).

#### **Forms**

Jefkins (1994) and Middleton (1996) indicated that packaging may take many forms depending on the firm's marketing strategy. For example, the firm may wish to present the product in an attractive way or convenient package. The forms of packaging may take into consideration the use of products. Jefkins observe that some packages may attract more customers and higher product value/price because they are well packed.

On the other hand however, Jefkins (1994) observed that some products can be wasted or used wrongly if the park does not encourage prosper usage. Disappointed customers may complain or at least refrain from making a repeat purchase. In contrast, the thoughtfully designed pack may lead not only to repeat purchase, but to reconciliation and customer loyalty. He thus note that if a package can in some way remove all doubt or fear about how its contents should be properly used, that product is likely to be successful.

#### Colors

According to Jefkins (1994), colors influence and affect packaging. This is because color can be significant for the following reasons;

- > It may be destructive; either color for which the product is known and recognized, or because it is different from that of rival products.
- ➤ It may be an inoffensive, appropriate or flattering color. For example, Africans like bright colors, but in Asian countries or where Chinese are represented, Red is the most preferred because it stands for health and happiness, Green represents a long life, Yellow or Gold

means money and posterity but Blue is for sadness and White represents death. Therefore a wrongly colored package or product could be disastrous when selling to Chinese or any other cultures.

- > It may be a house color or part of the corporate identity scheme, so that the color is symbolic of the manufacturer.
- > Well thought out colors help color advertising in the press, on posters and on TV to create easy recognition so that customers having seen the advertising will quickly recognize the product in the shops.

Jefkins therefore said that marketing directors and brand managers must pay strict attention to colors before they decide on which one to use.

#### Communication/instructions

The preparation of instructions and their clear presentation is one of the most important marketing responsibilities because it means communication between the manufacturer and consumer which should be successful but can disastrous (Jefkins, 1994, Middleton, 1996).

How to use a product may be explained on label, container, and outer package or in a leaflet or small booklet inserted in the outer package (called a stuffer). If very detailed instructions are necessary, a separate manual will have to be supplied but if the customer cannot understand the instructions, the product may be used with unexpected, disappointing and possibly tragic results. This could lead to complaints, a bad reputation for the manufacturer, and rejection by both distributors and customers. Manufacturers and packagers therefore have to pay strict attention to packaging instructions if disastrous and are to be avoided.

#### 2.2 Organisational Performance

According to Woods and Sangster (1999), organizational performance is measured in terms of sale of goods in which the firm normally deals and which were bought with the prime intention of resale. Woods and Sangster argue that this definition is reserved by generally acceptable accounting standards to help the accountants understand what accrues the organizational performance. Thus organizational performance refers to the total units of a product (measured either physically or in monetary terms) sold or services rendered in relation to the desired or predetermined performance that targets the objective of the organization.

Larson and Pyle (1988) noted that, organizational performance refers to the revenues realized from the services that have been rendered from sales or how much of a product that have sold by the organization, for example sale of oil products by mukwano limited. Larson and Pyle noted that, a sale is considered to be complete when assets such as cash or the right to correct cash within a short period of time are received in exchange for goods sold or services rendered by the organization. Performance is measured according to the predetermined goals or objectives. The achievement of which indicates good performance while failure to achieve them is poor performance.

Organizational performance has to be good enough to produce adequate revenues for an organization's own survival (Anthea, 1996; Peterson, 1998). Both service and product organizations have a challenge of meeting the objectives of their own existence, the challenge to meet their investors' interests, customers' interests, managers' interests and all these can be achieved only if the revenues generated through the sales force are adequate to fulfill all the demands. According to Peterson (1998), to pay salaries for the managers, to pay government taxes, to pay dividends to the investors and continue serving the customers, an organization's performance must be good enough to generate profits through the sale of its products.

Zikmund and d'Amico (1993) noted that, although it is important for every organization to increase its performance volume if it is to earn enough revenue and survive, the profit-oriented aspect of marketing concept argues that organizations should not seek performance volume for the sake of sales volume alone. Zikmund and d'Amico note that, sales volume can be profitless, and a firm can actually increase its sales volume while decreasing its profits. Therefore, care should be taken to ensure that the increases in sales volume generate corresponding increases in profits. This will generate adequate revenues for the firm's continuity and survival. It is therefore absolutely important for a firm to identify those areas that can affect its performance and profitability efforts if it is to increase its sales volume and earn some income from its sales.

In most cases, organizations seeking to boost performance and grow their business depend on their sales force to drive results and they are often disappointed (Reh, 1996). To improve organizational performance, there is need to use strategic resources, to manage sales force behavior and enhance operating capabilities. For many, improving performance means transforming the sales function at times, changing not only the way a company sells but even

what it sells and to whom. Many sales teams, however pressure to deliver short term revenue targets typically lack the opportunity and resources to make significant changes to their performance strategy or sales tools.

Therefore, for companies to realize the best performance, they need to align sales people and program with customers with the highest probability of buying and channels likely to provide the best margins. To define sales force behaviors that supports the sales strategy and reinforce these behaviors through advanced training techniques, performance management processes, metrics, compensation and rewards systems, hiring practices and sourcing models and to design and delivery processes, tools and other capabilities that enable more effective sales to the organizations, beginning with customers data analytics that the sales organization needs in order to identify the best opportunities, channels and sales tactics (Reh, 1996; Alldredge et al, 2003).

#### 2.3 The Relationship between Packaging and Organizational Performance.

Prior to the adverts of the modern supermarkets and departmental stores, manufacturers used to ship merchandise in bulk containers, such as cracker barrels, sugar sacks, and butter tubs. The retail merchants repackaged the contents into smaller, more convenient units to meet each customer's needs. However, this used to pose numerous problems as to whether the containers had actual quantities, whether the product forms were not adulterated and determining the convenience in storage and usage was left in the hands of the retailers (Evans and Barry, 1982). With the growth of mass merchants and self service, manufacturers came to realize the value of packaging as a marketing tool. Today, packaging is used to design products with superior labels, most convenient sizes and quantities. Packaging has proved to be a critical tool for market penetration and creation of loyal customers (Doyle, 1996; Erwin and Healy Jr, 2006; Selke, 1994; Fiedler, 1995; Evans and Barry, 1982).

According to Evans and Barry (1982), packaging is an important method of communication with the customers. It identifies the brand and displays the product and serves as a promotional tool which the consumer sees prior to making a purchase decision. Boyd and Orville (1990) concurred with Evans and Barry (1982) and added that packaging is a critical tool for improving organizational performance. They argued that packaging differentiates a company's products from the competitors' by its design, color, shape and materials. Because of this, it is valuable for

firms concentrating on impulse purchases because of the superior designs, color and convenience it comes.

According to Schollel and Guiltman (1992) and Ray (2007), though packaging is termed as a key marketing tool for improving organizational performance, it is critical to ensuring future consumption. Packaging may not be as critical, when it comes to immediate consumption where greater visibility within storage devices (visi-coolers) holds importance. The scholars agreed that this is due to the buying habits of customers which are different when they go to a retail store as compared to when they go to a supermarket. The scholars thus noted that when packaging is as a marketing tool, it should not be based on as the major tool to promote immediate sales. It can work better for future organizational sales.

According to Stillwell (2007), not all new packaging strategies prove success. Although Stilwell concurred with prior scholars that packaging creates loyal customers, he noted that not all the packaging features appeal to all classes of people. He noted that, what appeals to wholesalers do not necessarily appeal to retailers or consumers. For example, gift boxes appeal to shoppers buying presents, single-seeing containers attract one-person household, unusual packages are sought by risk takers or status seekers, and so on. This segmentation effect thus creates loyal customers on one hand but chases a way other customers on the other hand.

Karl (2006) noted that, "an example of a new product launch that demonstrates the importance of packaging in the marketing mix is Ore-Ida foods (Switzerland), Inc's introduction of Deep Fries in the early 1970s. Deep Fries were frozen; oil coated French fries that were cooked in the oven. Although they were comparatively inexpensive, Deep Fries were more convenient to prepare and better tasting than other frozen fries. The package was designed to convey to consumers that the product was premium and it offered 'Deep Fried flavor and crispness without deep frying' that improves organizational performance.

The initial launch was successful and Deep Fries soon cultivated a small group of loyal customers, Consumer research showed that the Deep Fries package succeeded in conveying a premium image but had failed to inform customers of the benefits of deep fries. In fact, many customers had purchased the product simply because of the quality of the packaging. Other would be customers never tried the product because they were unable to justify its high price.

Those that did buy the product realized its benefits, were satisfied and continued to buy which benefited the industries in its sales.

Ore-Ida developed two new packages and eventually selected one that proved, through market tests to achieve the desired sales growth. The product eventually captured a loyal groups of customers characterized as working women who habitually purchased the best, most". Karl (2006) thus observed that packaging is an effective way of promoting performance volume. But if care is not taken, it may drive away many of the potential customers due to failed communication or the perception that the goods are of inferior quality".

According to Anthea (1996), Peterson (1998), and Kotler and Armstrong (1998), packaging provides a number of benefits that are more important to mukwano industries as well as customers and thus giving a reason to trigger sales growth. Packaging induces customers to try new product designs instead of never straying from their current ones. They lead to more varied retail formats, such as fitting in small storage space, convenience in transportation and giving consumers more choice. They promote greater consumer awareness of the product presence due to new product designs and package labels. They help organizations adapt programmes to consumer segments; consumers themselves enjoy some satisfaction from being smart shoppers when they take advantage of new superior packaging designs.

According to Luick and Ziegler (1968) and Pride and Ferrell (1989), packaging is an effective tool of differentiating products and in order to increase performance level. But if miscalculated, it can be disastrous. The scholars observed that, once the new packaging designs are thought to be of inferior quality they will drive away customers instead of attracting them to buy. However, superior packaging and unique labeling will help to pull in more customers. They attract new users to a brand, encourage brand switching and stimulate increased purchase among existing users.

Despite the credits attributed to packaging, its effectiveness to attract customers to the desired level is still doubtable. Zikmund and d'Amico (1993) agrees with Coppock (2000) and Kotler and Armstrong that sales packaging is most effective when used together with advertising. The scholars share the same view that sellers often think of packaging as a marketing strategy to breakdown brand loyalty, and advertising as a strategy to build up brand loyalty. They generally

agree that packaging alone can attract the desired level of organisational performance. The scholars further observe that small share competitors only find it advantageous to use packaging, because they cannot afford to match the large advertising budgets of the market leaders. This helps them to compete in the market with the market leaders through simple but unique strong impulse packaging designs.

According to Nicolson (2002), where advertising gives a reason to buy, unique packaging designs offers an incentive to buy. Just like other scholars (Zikmund and d'Amico,(1993) agrees with Coppock (2000) and Kotler and Armstrong 1998), Nicolson observed that packaging can effectively stand alone. It does well with advertising to inform and attract customers.

According to Nicolson (2002), as the number of competitive packaging has increased, friction has been created between the company's sales force and its brand managers and this has been due to the failure of packaging strategies to achieve intended objectives and particularly increasing performance volume. While the brand managers want to spend the limited funds on developing and testing new packaging designs, the sales force says that the retailers will not keep the company's products in the shelf because packaging does not work with immediate sales and fast moving products. This friction in most cases can cause lack of prompt focus and strategy and thus undermine the effectiveness of packaging.

#### 2.4 Conclusion

Superior, high quality conveniently packaged products have a potential to cause brand switching to attract new users and cause repeat purchases, cases that enhance organizational performance and on the other hand weak or inferior packages, poor labeling and instructions cause discontent, resentment and refraining future purchases which negatively affect the company's sales. Mukwano being a multi-product company, some products are not doing well in the market due to poor packaging for example the energy drink called Kyekyo is not performing well since it is packaged in a plastic bottle with instructions "shake it before use" yet most of the energy drinks are tinned with no instructions. On the other hand there are products which are doing well due to superior packaging like Edible oil products, Soaps and many others that provides positive impact to the organization, improving the level of performance of there products.

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.0 Introduction

In this chapter, the researcher is to deal with the methods of researching; detailed discussion of the selected methodology including the review of the Data gathered and explained how the research questions are to be answered. Presents the research design, study population, sample size, sampling Technique, data collection methods and data processing and analysis.

#### 3.1 Research design

The study adopted a descriptive research design basing on qualitative data from secondary sources such as internal magazines, Mukwano industry and the internet. The researcher also uses cross section design which includes observations, face to face interviews and questionnaires.

#### 3.2 Study population

The study population is targeting managers in Mukwano Company; these may include the products coordinator, brand manager, packaging supervisor, sales manager, procurement nanager and marketing manager. The study also targeted employees who work within the company especially those who work in the packaging department and respondents who use the company's products like the customers. The researcher decided to study and focus on groups of reople to minimize on the cost and time and also to be more accurate in findings, descriptive and obtaining valid information about Mukwano Company Uganda.

#### .3 Sample Size

he researcher is intending to attend to a total of 60 people which should include Mukwano ranagers, customers and employees. The research should accommodate 6 managers at least and rese will include procurement manager, sales manager, product coordinator, inventory manager, ackaging supervisor, and the marketing manager, 24 customers and 30 employees at least as stimating sample size. The researcher also should select the identified sample size in order to educe on the cost and resources plus the time which would have been spent on studying the hole population.

Table 1: Showing summary of the respondents sampled

RESPONDENTSNCATEGORY	FREQUARY	PERCENTAGE
MANAGERS	06	10
CUSTOMERS	24	40
EMPLOPEES	30	50
TOTAL	60	100

#### 3.4 Sampling Technique

In this method the researcher is intending to use cluster sampling technique which consists of dividing the population into smaller groups (cluster) and some of the clusters are randomly selected as the sample and all members of the chosen clusters are studied. It is mainly used to select groups rather than individual members. The researcher use this technique because it saves time and money and also it is suitable if a sampling frame cannot be obtained.

The researcher also should use a convenient sampling technique which should include selecting on the first come first served basis, these happen to be available and this is because the technique collects data at the spur of the moment without rigidity of procedure and also takes advantage of those who happen to be there at the moment of unexpected events

#### 3.5 Sources of Data

The primary sources of data are to be collected from respondents by use of questionnaire, Face to face interviews, and observation, while secondary sources comprised of internal magazines, Mukwano industry and internet.

#### 3.6 Data Collection Methods

The researcher will be intended to employ the questionnaire method of data collection which consists of a collection of items to which a respondent is expected to react in writing. This method is suitable if the population is literate, large and time limited and also if the information needed can be easily described in writing. The researcher will use this method by giving questionnaires to employees and customers.

The researcher also will use interviews which involve face to face verbal communication in which one person or a group of persons asks questions intended to elicit information or opinions

and this will mostly target the employees of Mukwano Company. This is because interviews allow obtaining information that cannot be observed, historical information and others.

The researcher also has to observe a method which involves the use of all senses to perceive and understand the experiences of interest to the researcher. This is because it will help the researcher to gain firsthand experience without informants, record information as it occurs and notice unusual aspects.

#### 3.7 Data Processing and Analysis

After data collection, the researcher will organize and edit it to ensure that only relevant data will be considered in compiling the report. The data is checked for adequacy and accuracy to reduce errors. Manual and Microsoft excel is to be use to process the data. The presentation of findings is interpreted basing on the views of the previous scholars and the researchers understanding of concepts under this study and the findings will be presented in the report.

#### 3.8 Limitations of the Study

The time allocated for the study is too limited to allow the researcher to conduct a comprehensive study to fully exhaust the study variables. However, the researcher will have to manage to collect adequate data needed to make valid conclusions.

The study was very expensive as it involves high financial expenditure especially in terms of downloading data from the internet, public library research, typing and printing. However, the researcher is suppose to mobilize adequate resources and this will enable the successful completion of the study.

#### 3.9 Solutions to the Above Limitations

- > The researcher should plan to use his time effectively as well as efficiently to the needed facts within the given time frame.
- > The researcher also should use genuine questions to get the hidden information due to fear among employees.

#### **CHAPTER FOUR**

#### PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

#### 4.0 Introduction

This chapter presents the findings of the study in order to answer the study questions. The data filled in the questionnaires was copied and analyzed using mathematical methods and tabling in frequency tables identifying how often certain responses occurred and later evaluation was done. The information was later recorded in terms of percentages and the recorded data was later edited and interpreted which ensured uniformity, legibility and consistence. Interview results were also manipulated on frequency tables which was calculated in terms of percentages and presented in this study as illustrated below.

#### 4. I. Personal Information of the respondent

The personal data examine in the study should include Gender, Age, Professional training, marital status, working department, position in the department, level of education, how long you have worked with the company.

#### 4. I. Personal Information of the respondent

The personal data examine in the study should include Gender, Age, Professional training, marital status, working department, position in the department, level of education, how long you have worked with the company.

#### 4.2.2 Gender of the respondents

The researcher was interested in knowing the number of males and females respondents

Table 4.1; showing personal gender of respondents

GENDER	Frequency	Percentage
Male	40	66.6
Female	20	33.3
Total	60	100

Source: primary data

From the above, majority of the respondents 66.6% were males and females were 33.3%. this means that male respondents dominated the study.

#### Age of respondents

The study captured the respondents to help in analyzing the age groups to assess the effect of packaging on the organizational performance and they were grouped as shown in the table below

Age bracket of respondents	Frequency	Percentage
20-25	13	21.6
26-31	12	20
32-37	10	16.6
38-43	10	16.6
44-49	8	13.3
50	7	11.6
Total	60	100%

#### Source, primary data.

From the above table, majority of the respondents were between the age group of 20-25 years, 21.6%, followed by 26-31 20%, 32-3716% and the least respondents were those of 50 years. This means that the organization employees young and energetic people.

#### Marital status

Here the researcher had to find out the respondents marital status. This would help the researcher know how many of them were married and those who are not. This was carried out in line with the objectives of the study.

Table 3: Marital status of the respondents

Respondents	Frequency	cy Percentage		
Single	13	21.6		
Married	17	28.3		
Widowed	10	16.6		
Divorced	8	13.3		
Separated	12	20		
Γotal	60	100		

Source: field study

#### 4.2. Influence of packaging on the organizational performance

Table 4.2 showing the types of packaging used by Mukwano industry.

Types of packaging	frequency	Percentage (%)
Plastics		
Metallic		
Glass		
Polythene		
Alumina		
All		
TOTAL	60	100
	Plastics Metallic Glass Polythene Alumina All	Plastics  Metallic  Glass  Polythene  Alumina  All

Table 4.3; showing the management of the competitors

6.6	Factors	frequency	Percentage (%)
1	Superior packaging	32	53
2	Quality improvement	8	13
3	Price discrimination	4	7
4	Good customer relations	16	27
Servericismin v Alian Verbrust	TOTAL	60	100

Source: Primary data

Numerous responses were put forward when respondents were asked how they out compete their competitors that is to say 53% of the respondents said superior packaging, 27% said good customer relations, 13% noted quality improvement and 7% represented price discrimination as showed in Table 4.5 above.

Table 4.4; showing challenges during packaging

1276 (A)	Challenges	frequency	Percentage (%)
1	Materials	38	63
2	Costs	13	22
3	Colors	7	12
4	Others	2	3
	TOTAL	60	100

Source: Primary data

From table 4.6 above, 63% of the respondents noted that materials for packaging is the dominant challenge they face during packaging because they are scarce, 22% noted costs because sometimes packaging is expensive, 12% noted colors and 3% others challenges.

Percentage

A0

40

30

20

Materials Costs Colors Others

Challenges

Figure 4.1: showing the challenges during packaging

According to figure 4.2 above, 63% of the respondents noted that materials for packaging is the dominant challenge they face during packaging because they are scarce, 22% noted costs because sometimes packaging is expensive, 12% noted colors and 3% others challenges.

Table 4.5; showing awareness of the effect of packaging on the product sales

	Responses	frequency	Percentage (%)
1	Yes	45	75
2	No	9	15
3	Not sure	6	10
	TOTAL	60	100

Source: primary data

The biggest percentage of the respondents noted with 75% attributed to knowing the effect of packaging on product sales while 15% of the respondents said no that they are not aware of the effect of packaging on the product sales and 10% of the respondents revealed that they are not sure of the effect of packaging on the product sales.

Percentage 40
30
Yes No Not sure
Responses

Figure 4.2; showing awareness of the effect of packaging on the product sales

#### Source: primary data

According to figure 4.3 above, 63% of the respondents noted that materials for packaging is the dominant challenge they face during packaging because they are scarce, 22% noted costs because sometimes packaging is expensive, 12% noted colors and 3% others challenges.

Table 4.6; showing responses on whether organizational performance degreases when products are not packaged well.

	Responses	frequency	Percentage (%)
1	Yes	35	58
2	No	14.5	24
3	Not sure	10.5	18
- 1	TOTAL	60	100

Source: primary data

According to the table 4.7 above, 58% of the respondents noted that they experience changes in the sales when products are packaged well that is an increase, 24% of the respondents said no and 18% of the respondents were not sure whether there are changes or not.

#### CHAPTER FIVE

#### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This is the last chapter of this report and it presents the conclusions and recommendations of the study.

#### 5.1 Conclusions of the study

The study was conducted with three objectives, that is; to find out the effect of packaging on product quality, to find out how packaging contributes to the organizational performance and to establish the relationship between packaging and organizational performance. Following the study findings, the following conclusions were made;

#### 5.1.1 Packaging

The study collaborated with Selke (1994), Opie (1991) and Stillwell (2007) and concluded that packaging involves the science, art and technology of enclosing and protecting products from any conditions that might compromise the state of the product such as heat, dampness, oxygen, and also to achieve specific company objectives such as ease of use, storage and transportation convenience, improving corporate and brand image, sales promotion and brand loyalty. It involves design of packages (containers) of products, labeling and communicating instructions for product usage, storage and disposal.

#### 5.1.2 Organisational performance

Organizational performance is concerned with the firm's ability to achieve and exceed predetermined objectives. It takes into consideration the number of units sold, the revenues realized and the cost benefit ratio. organizational performance is a result of numerous factors that include sales force management, possession of talented, skilled and trained sales force, compensation and rewards systems, hiring practices and sourcing models, government policy and general economic conditions as it is also agreed by Reh (1996).

#### 5.1.3 Relationship between packaging and organizational performance.

The study concurred with Luick and Zieglar (1968) and concluded that a significant relationship exists between packaging and organizational performance. This is supported by the fact that

superior, high quality and conveniently packaged products have potential to cause brand switching, to attract new users and cause repeat purchases, cases that enhance organizational performance. To the contrary, weak or inferior packages, poor labeling and instructions cause discontent, resentment and refraining from future purchases which negatively affects the firm's performance. This is clearly indicated that a significant relationship exists between packaging and organizational performance, and this study is completely in agreement.

#### 5.2 Recommendations of the study

Following the study findings and the conclusions, the following recommendations were made;

Producers and manufacturers should always conduct market surveys to establish what pleases the target customers, the culture and norms, the qualities expected and most competitive ones compared to existing brands, before they choose the packages to use, colors, sizes, materials and forms. This will help them to meet the international customer expectations, to cause the desired actions, create customer loyalty and gain a competitive edge.

According to research results in table 4.8 and figure 4.4, Brand managers, producers and manufacturers should always pay strict attention to packaging costs because of their distortion effects. If very expensive packaging materials are used, they will definitely increase products' selling prices and this drives a way some customers. On the other hand, cheap packaging materials will most likely make the public interpret products to be of inferior quality. Therefore care must be taken to strike a balance where the packaging materials of the superior quality, not very cheap or very expensive, but good enough to cause the desired sales will be used. This will help firms to gain a competitive edge and improve on their performance.

The study also recommends that manufacturers and sales executives should endeavor to strike a balance in their marketing campaigns between packaging techniques and other factors that influence performance. This will enable them to achieve and sustain the desired sales as noted by the respondents in table 4.9 and figure 4.5.

In my recommendation, it must be remembered that this study was purely literature review based. Thus, the facts and findings in this report are based on the studies conducted in the past and my own research. Therefore, further research should be conducted to advance this study

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#### APPENDICES

#### APPENDIX 1: QUESTIONNAIRE FOR MUKWANO EMPLOYEES

Dear sir / madam,

I am Munir Ismail a student of Kampala international university pursuing a Bachelor's Degree in Supply and Procurement Management. I am doing a research paper which is a requirement for the award of the stated degree program. The study is about the effects of packaging on the organizational performance, the case of Mukwano industry. The data acquired below will be treated with a lot of confidentiality so I humbly request you to render your assistance by answering these questions. I am looking forward to your positive response.

#### THANK YOU

Tick the most appropriate answer

D.41 - 50 years

1. What is your gender?

A. Male

B. Female

2. What is your age group?

A.10 – 20 years

B. 21 – 30 years

C. 31 – 40 years

E. 51-60 years

F.61 and above

3. What is your level of Education	?
PHD Masters	Advanced level
Degree Diploma	other specify
4. What is your marital status?	
A. Married	B. Divorced C. widower
D. Single	E. Widow F. separated
5. What position in company do you	hold?
Head Assistant	Manager Clerical Other specify
6. As an employee when did you join	MUKWANO?
Just joined	some months back years back
5 years back	10 years back 20 years back

12. What challenges do you face during packaging?				
Materials				
Costs				
Colors				
Others (Specify)				
13. Do you face any effect	et of packaging on the products you sell?			
Yes				
No				
14. Do sales change if yo	u do not package your products well?			
Yes				
No				
15. If yes, how?				
Increase				
Decrease				
Others (Specify)				
16. What other ways do y	ou use to increase on the level of performance?			
Advertising	Personal selling			
Sales promotion	Others (Specify)			
17. What advice do you ha	ave for the managers of the company?			
THANK VOILVE	DV MUCH FOR VOUR COREDATION			

#### APPENDIX II: QUESTIONNARE FOR CUSTOMERS

Dear sir / madam,

Iam Munir Ismail a student of Kampala international university pursuing a bachelor's degree in supply and procurement management. Iam doing a research paper which is a requirement for the award of the stated degree program. The study is about the effects of packaging on sales performance, in Mukwano industry. The data acquired below will be treated with a lot of confidentiality so I humbly request you to render your assistance by answering these questions. I am looking forward to your positive response.

#### THANK YOU

Tick the most appropriate answer

1.	Do you primarily o	onsider that MUK	WANO is you	r best pro	duct provider?	
	Yes					
	No					
2.	From the answer n	nentioned in (1) ab	ove please tell	us why.		
			•••••			•••••
	•••••		• • • • • • • • • • • • • • • • • • • •			•••••
		,				
3.	What is your best p	product from MUK	WANO and w	hy is it yo	our favorite?	
	Edible oils		Soaps		Energy drinks	
	Plastic products		others			
4.	How do you get inf	formation about M	UKWANO pro	oducts as a	a customer?	
	Bill boards		Television		Radio	
	Friends		News papers		Others	

5.	Apart from using MUKWANO products what other benefits do you enjoy from MUKWANO as a customer?
6.	How do find the packaging of their products?
	Good So good very good xcellent Bad
7.	How do you find accessing their information?
	Unreliable Reliable Others (Specify)
8.	How long have you been using MUKWANO products?
	2-4 years
	20 years and above
9.	Have you ever had a complaint about MUKWANO products?
	Yes
	No
10.	If yes, how did they treat you?
	Good Fair Bad
11.	What advice would you give to customers willing to use MUKWANO products?
	••••••
	•••••••••••••••••••••••••••••••••••••••

#### THANK YOU VERY MUCH FOR YOUR COPERATION

## APPENDIX IV: BUDGET ESTIMATE FOR IMPLEMENTATION IN UGANDA SHILLINGS

S/NO	Item	Unit	Cost per unit	Amount in shillings
1	stationery			
2	Transport to field			And the second control of the second control
3	Printing and photocopying, typing			
4	Biding report			
5	Internet			
6	miscellaneous			
	Grand total			