

INFLUENCE OF ADVERTISING, PACKAGING AND BRANDING ON ORGANIZATIONAL PERFORMANCE: A STUDY OF MANUFACTURING COMPANIES IN NIGERIA**¹Ola, Olasunkanmi, ²Ajayi, Paul. O, ³Olaoye, Bose. O****¹Department of Marketing, Osun State Polytechnic, Iree, Nigeria****²Department of Marketing, The Polytechnic, Ibadan, Oyo State, Nigeria****³Department of Business Administration & Management, Osun State Polytechnic, Iree, Nigeria****Abstract**

The study examined the influence of advertising, packaging and branding on organizational performance with specific reference to selected manufacturing companies operating in Ibadan, Oyo State South Western Nigeria. Structured questionnaire using a 5-point Likert scale developed by the researchers was used to collect data from the forty (40) participants through purposive method in production and marketing departments of the selected manufacturing companies. Multiple Regression Analysis was used to analyse the data. The result revealed that advertising, packaging and branding were independent and jointly ($R^2 = 0.849$) predictors of organizational performance. Subsequently, Paper recommended that manufacturing companies should increase budget for advertisement and focus more attention on the company name and packaging but they should also integrate brand name and brand mark as supportive elements in fashioning an effective branding strategy for beating competition.

Key words: Advertising, Packaging, Branding, Organizational Performance**Introduction**

The customer is one of the vital “assets” for business. Business that lacks this important asset may face the difficulty that operational income is less than operational cost; business losing customers may confront the problem of a profit decline. Several studies (Sajuyigbe, Ayanleke and Ola, 2012; Jönson, 2000; and Kottler, 2003) have shown that improving service quality and customer satisfaction results in better financial performance for business. Advertising has become a powerful communication tool in passing message about the products and services to both customers and potential customers. When there is adequate awareness through advertising, high patronage will be achieved, which will result to an increase in sales volume, productivity and profit level of the organizations. American Marketing Association (1995) defines advertising as ‘the placement of announcements and persuasive messages in time or space purchased in any of the mass media by business firms, non-profit organisations, government agencies, and individuals who seek to inform and/ or persuade members of a particular target market or audience about their products, services, organisations or ideas’. Advertising is a component of integrated marketing communications (Clow and Baack, 2004). Wanoff (2007)

observes that advertising consist of all the activities involved in presenting to a group a non personal, oral or visual, openly sponsored message regarding a product, service or idea. This message, called an advertisement, is disseminated through one or more media and is paid for by the identified sponsor.

Packaging has been also recognised as important marketing strategy that serves dual functions. It serves as protective device and promotional tool to glamorize product in order to attract the consumer's attention. Sometimes packaging is so important that it cost more than the product itself in order to lure the consumers to buy it. Diana (2005), believes that most consumers judge a product by its packaging before buying. So it is logical to say attractive packaging is crucial in order to get the first time buyers to buy your products. Packaging can also differentiate one brand of product from another brand. Because the product packaging can contain company names, logos and the colour scheme of the company, it helps consumers to identify the product as it sits among the competition's products on store shelves. Packaging also plays an important role for portraying information about the product. Outside packaging may contain directions on how to use the product or make the product.

In addition to packaging, branding has also been recognized as marketing strategy that provides value to organization beyond physical assets. The American Marketing Association defines a brand as: a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and differentiate them from those of competitors (Kotler, 2003). A brand may have many other meanings depending on the role it plays, the value it has and more importantly, to whom it is related. To brand owners, a brand is mainly a differentiation device: the living memory and the future of its products. To brand users, a brand may create an emotional bond with them which turns the brand into an icon. In the most developed role, brands represent not only the products or services a company provides but the firm itself, the brand is the company and brands become a synonym of the company's policy.

Moreover, researchers have realized that advertising, packaging and branding are the most important factors that influence organizational performance. Many researchers in marketing have recognized the critical roles of advertising, packaging and branding in customer' buying behaviour. The three factors are particularly important in developing and maintaining a loyalty on the part of customers. In other aspects, advertising, packaging and branding are generally considered as three distinct constructs which may be strongly related.

It is on this background that this research study intends to examine the impact of advertising, packaging and branding on organizational performance with specific reference to manufacturing companies located in Ibadan metropolis, Oyo State, Nigeria.

Literature Review

Concept of Advertising

The success of any organization is the acceptability of its output by the consumers. Manufacturing or production is incomplete until the product gets to the final consumers / buyers. Various texts have been written on how advertising started and how it began to be organized. American Marketing Association (1995) defines advertising as 'the placement of announcements and persuasive messages in time or space purchased in any of the mass media by business firms, non-profit organisations, government agencies, and individuals who seek to inform and/ or persuade members of a particular target market or audience about their products, services, organisations or ideas. Ewuola (2004), says "modern advertising operation started during the American Colonial days. It was at time the colonial newspapers were accepting advertisement directly from people and institutions that needed their services". Some local post offices were also assisting in this respect by acting as agents for these newspapers. According to Clow and Baack (2004), Advertising is a component of integrated marketing communications. Communication is a transactional process between two or more parties whereby meaning is exchanged through intentional use of symbols. Authors asserted that Advertising involves four key components in a communication process. First, the sender is the originator or source of the message. Agents or consultants may actually do the work on behalf of the sender. Second, the message is the actual information and impressions that the sender wishes to communicate. Third, the media are the vehicles or channels used to communicate the message. Fourth, the receivers are the people who receive the message. Belch *et al* (2004) assert that the aim and objective of any business is profit maximization. To achieve this aim the management uses promotional tools that help to communicate the existing products, services or idea to a mass audience prior to the actual sales. Kotler, (2003) affirmed that effective advertising campaigns produce growing sale, profit and market share for achieving these objectives. In developing process of an advertising campaign, marketing managers start by identifying the target market and buyer motivators. Then they make four critical decisions as setting objectives, deciding budget, creating message, choosing media. At last, the degree to which objectives are achieved is measured as advertising effectiveness in the advertising management process (Kotler, 2003).

Concept of packaging

Packaging can be described as a coordinated system of preparing goods for transport, warehousing information and sell. It is fully integrated into government business, institutional, industry, and personal use (Diana, 2005). According to Kottler (2003), packaging as all materials products used for the containment, protection, hard delivery and presentation of goods. Packaging is the protecting

products for distribution, storage, sale and use, packaging also refers to the process of design evaluation and production of packages. Packaging is a coordinated system of preparing goods for safe, secure, efficient and effective handling, transport, distribution, storage, retailing, consumption and recovery, reuse or disposal combined with maximizing consumer value, sales and hence profit (Saghir, 2002). It is about fundamental function of protecting, containing and preserving the product, the functions of packaging are manifold and complex and the definition here can be related to three main categories i.e. logistics, marketing and environment.

Bix et al (2003) highlight objectives of packaging as follows:

- **Physical protection** – The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature etc.
 - **Barrier protection** – A barrier from oxygen, water vapor, dust, etc., is often required. Keeping the contents clean, fresh, sterile and safe for the intended shelf life is a primary function.
 - **Containment or agglomeration** – Small objects are typically grouped together in one package for reasons of efficiency. For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.
 - **Information transmission** – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. Some packages and labels also are used for track and trace purposes.
 - **Marketing** – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product.
 - **Security** – Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident features to help indicate tampering. Packages also can include anti-theft devices, such as dye-packs, tags, or electronic article surveillance tags that can be activated or detected by devices at exit points and require specialized tools to deactivate.
- Convenience** – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal
- **Portion control** – Single serving or single dosage packaging has a precise amount of contents to control usage. Bulk commodities (such as salt) can be divided into packages that are a more suitable size for individual households. It is also aids the control of inventory: selling sealed one-liter-bottles of milk, rather than having people bring their own bottles to fill themselves.

Concept of Branding

A brand is one of the most valuable intangible assets of a company (Kotler and Keller, 2012). It is incumbent on marketers to properly and effectively manage the brand value through building strong brands which command intense consumer preference and ultimate loyalty. Aaker (1991) posits that a company's brand is a strategic asset with realistic and measurable financial contributions and margins. The essence of a brand is to create a name in the consumers' mind characterized by a unique and distinctive term, symbol, pattern or picture meant to distinguish a company's market offering from those of rival firms. The American Marketing Association in Kotler and Keller (2009) defines a brand as a "name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or a group of sellers and to differentiate them from those of competitors". Traditionally, the brand has been viewed as a major issue in product strategy (Kotler, 2005), which somewhat submerged the critical role of branding as a key strategic competitive advantage tool, which if effectively managed can guarantee company profits and eventual survival. Several scholars have pointed out that a potent branding strategy can directly impact on the consumers purchasing behaviour, (Dadzie and Boachie-Mensah, 2011) in particular, their brand preferences and choice of a certain brand over competing rivals with ultimate loyalty. Davis (2000) highlights that brand positioning; brand extension; brand-based communication strategy; distribution and pricing strategies are critical elements of a powerful branding strategy which can inspire, direct, guide and lead consumer purchase decision. However, for decades, the concept of branding has been increasingly used as a strategic marketing tool for both profit and non-profit firms and for managing markets in developed countries while developing countries still lag behind, (Dadzie and Boachie-Mensah, 2011). Branding is a key function in marketing that means much more than just giving a product a name. Branding at corporate level is essentially about developing and managing the relationship between the organisation and its various stakeholders as well as the general public.

Empirical Review

Adeolu et al, (2005) seek to examine the influence of advertising on consumers' purchase of Bournvita, one of the products manufactured by Cadbury Nigeria Plc; find out that advertising has a major influence on consumers' preference for Bournvita and it has, in no small measure, contributed to its success. In the same view, Adekoya, (2011) reveals that advertising has helped to position product or service strongly in the mind of the consumer in order to encourage repeated purchase of the product, so that the competitors will not have an edge over them. This also creates brand loyalty and product differentiation.

Akanbi and Adeyeye (2011) carry out a research work on the influence of advertising on sales and linear regression using ordinary least square method was used to analyze the data. The result confirmed that a positive and significant relationship existed between advertising and sales. The positive relationship showed that an increase in advertising can lead to an increase in sales.

Sajuyigbe *et al* (2012) examine the impact of packaging on organizational sales turnover. Structured questionnaire was employed to collect data with the aid of face to face interview from eighty participants through purposive sampling method. Inferential statistics was used to analyze the data, specifically, ordinary least squares multiple regression method was employed. Result showed that packaging has significant effect on sales turnover. Result also found that packaging and other factors such as brand name, pricing and promotion jointly predict organizational sales turnover, which accounted for 98% variance of sales turnover. The study concluded that a specific package must be developed for each product because variations in packaging can make a product saleable in various target markets.

Choi, (2007) find that better protective packaging is especially important to manufacturers and wholesalers, who may have to absorb the cost of goods damaged in transit. Sometimes the cost of such damage can be charged to the transportation agencies. Moreover, goods damaged in shipment may delay production or cause lost sales. Frankling (2004) also agrees that packaging is vital to retailers, they benefit from both the protective and promotional aspects of packaging. Packaging which provides better protection, supermarket operators claim, can reduce store costs by lessening breakage, shrinkage and spoiled, preventing discoloration and stopping pilferage (Chaneta, 2012). Packages that are easier to handle can cut costs by speeding price marking, improving handling and display, and saving space. Chaneta,(2012) says that packaging can increase sales by such promotionally-oriented moves as offering smaller or larger sizes more multipacks, better pictures of the product itself, illustrations of the product in use and more effective use of color.

Suman and Mansi (2014) examine the impact of branding strategies on consumer buying behaviour in FMCD industry. The questionnaire is designed to know about the Impact of Branding strategies on Consumer buying behaviour as far as the FMCD industry is concerned. Findings have also been made theoretical in to provide an in-depth analysis into the way different consumers' decision-making processes is affected by the branding strategies. It has been found that an effective branding strategy leaves a lasting impression in the minds of the consumer and helping them to make the correct choice.

Ogbuji, Anyanwu and Onah (2011) also investigate the impact of branding on consumer choice for bottled water, with special focus on the contributory roles of its various elements in impacting

consumer behaviour. It was discovered among other things, that of all the elements of branding, company-of-make and packaging play a greater role than brand name and brand mark, in terms of influencing consumer choice for bottled water. Based on the above empirical review, it is therefore hypothesised that:

H01: Advertising, Packaging and Branding do not independently and jointly influence organizational performance

Model Specification

The economic model used in the study: Organizational Performance = f (Advertising, Packaging and Branding). Organizational Performance is measured by the ability to meet planned output quantities; the ability to meet market demand for product/service; the ability to deliver quality products/service to customers; and the ability to meet planned profit levels.

Therefore, Organizational Performance = F (X₁, X₂, X₃)

SMEs Performance = $\beta_0 + \beta_1 X_1 + \beta_1 X_2 + \beta_1 X_3 + U_i$, where;

the a priori expectation is $\beta_1, \dots, \beta_3 > 0$

X₁ = Advertising; X₂ = Packaging and X₃ = Branding

U = Disturbance Term, β = Intercept

$\beta_1 - \beta_3$ = Coefficient of the independent variables.

Methodology

Registered manufacturing companies operating in Ibadan, as shown on the register of the Manufacturing Association of Nigeria (MAN), constituted our target population. 40 respondents were randomly selected from their production and marketing department. Structured questionnaire using a 5-point Likert scale developed by the researchers was used to collect data from the participants and the instrument was subjected to a test and re-test process in order to establish the reliability. And also, validity of the instrument was ensured by given the instrument to professionals for scrutiny and evaluation. The result of the reliability test was 0.92 this indicates that the instrument is reliable.

Data Presentation , Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.921 ^a	.849	.841	.31254

a. Predictors: (Constant), branding, packaging and advertising

Table 1 shows the summary statistics of the analysis of the advertising, packaging and branding on organizational performance. The coefficient of correlation (R) = 0.921; the coefficient of determination (R^2) = 0.849; and the standard error estimate of 0.31254, indicating 84.9% of organizational performance can be associated to promotion of advertising, packaging and branding.

Table 2: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.061	4	10.265	105.090	.000 ^b
	Residual	7.326	75	.098		
	Total	48.387	79			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), packaging, advertising and branding

Table 2 revealed that jointly all the independent variables (advertising, packaging and branding) contributed significantly on the regression plane.

Table 3: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.557	.283		-1.968	.053
	Advertising	.554	.063	.525	8.816	.000
	Packaging	.415	.059	.412	7.030	.000
	Branding	.154	.055	.159	2.804	.006

a. Dependent Variable: Organizational Performance

Table 4 shows that organizational performance = 0.554 level of advertising + 0.415 level of packaging + 0.154 level of branding. This means that level of advertising, packaging and branding are independently contributed significantly to organizational performance. The result is consistent with Adekoya (2011), Sajuyigbe et al (2012), Choi (2007) and Suman and Mansi (2014).

Conclusion and Recommendations

The study examined the influence of advertising, packaging and branding on organizational performance with specific reference to selected manufacturing companies operating in Ibadan, Oyo State South Western Nigeria. The result revealed that advertising, packaging and branding were independent predictors of organizational performance. It can therefore be concluded that the distinguishing feature of organizational performance is the advertising, packaging and branding. Based on the findings and conclusion, it is recommended that manufacturing companies should increase budget for advertisement and firms should focus more attention on the company name and packaging but should also integrate brand name and brand mark as supportive elements in fashioning an effective branding strategy for beating competition.

References:

Aaker, D. A. (1991). *Managing Brand Equity*. The Free Press, New York.

Adekoya O.A (2011). The impact of advertising on sales volume of a product: Bachelor's thesis of HAMK University of Applied Sciences.

Adeolu B.A, Taiwo A and Matthew A.A (2005). The influence of advertising on consumer brand preference. *Journal of social sciences*. 2(1); 20-29.

Akanbi and Adeyeye (2011), "The association between advertising and sales volume (A case study of Nigerian Bottling Company). *Journal of Emerging trends in Economics and management Science*",. 2(2); 46- 54.

American Marketing Association, (1995). Dictionary. [Online] Available at www.marketingpower.com/_layouts/Dictionary.aspx (11.10.2011)

Belch, George E. and Michael A. Belch (2004), *Advertising and Promotion: An Integrated Marketing Communication Perspective 5th Edition*, McGraw Hill/Liwin.

Bix, L; Rifon, Lockhart, de la Fuente (2003). "The Packaging Matrix: Linking Package Design Criteria to the Marketing Mix". *IDS Packaging*. Retrieved 2012-10-18

Chaneta I. (2012). Marketing: Packaging and Branding. *Journal of comprehensive research*, vol. 8 p 19.

Choi, S. B (2007). "Practical mathematical model to predict the performance of insulating packages". *Packaging Technology and Science* **20** (6): 369–380..

Clow, K. E., and Baack, D (2004). *Integrated Advertising, Promotion and Marketing Communications*. (2nd Edition), New Jersey: Pearson Prentice Hall.

- Dadzie, A. and Boachie-Mensah, F. (2011) Brand Preference for Mobile Phone Operator Services in the Cape Coast Metropolis. *International Journal of Business and Management*, 6(11), November 2011
- Davis, A. (2000). *Research methods in psychology*. London: SAGE Publications Ltd.
- Diana, T. (2005). "The Origins of Paper Based Packaging". *Conference on Historical Analysis & Research in Marketing Proceedings* 12: 288–300 [289]. Retrieved 2012-10-20.
- Ewuola, P.O. (2004), "A compelling Advertising Copy". *Iree; Journal of Communication and Management*. PP. 125 – 138.
- Franklin (April 2004). "Life Cycle Inventory of Packaging Options for Shipment of Retail Mail- Order Soft Goods" (PDF). Retrieved October, 13, 2012.
- Jönson, G., (2000). *Packaging Technology for the Logician*, 2nd Ed., Lund University.
- Kotler, Philip, (2003). *A Framework for Marketing Management*. International Edition, (Second Edition), New Jersey: Prentice Hall, Pearson Education, Inc., Upper Saddle River.
- Kotler, .P. (2005): *Marketing Management*. Millennium Edition, New York, Prentice Hall Inter.
- Kotler, P and Keller, K L, (2009). *Marketing management*, 13th ed. (Upper Saddle River, NJ: Prentice Hall.
- Ogbuji,C.N, Anyanwu, A.V and Onah, J.O (2011). An Empirical Study of the Impact of Branding on Consumer Choice for Regulated Bottled Water in Southeast, Nigeria. *International Journal of Business and Management*. 6(6); 150-166.
- Saghir, M., (2002). *Packaging Logistics Evaluation in the Swedish Retail Supply Chain*. Lund University, Lund.
- Saif, N., Razzaq, N., Ahmad, M. And Gul, S. (2012) Factors Affecting Consumers" Choice of Mobile Phone Selection In Pakistani. *European Journal of Business and Management*, 4(12), 20-32.
- Sajuyigbe, A.S, Ayanleke, S.O and Ola, O (2012). Impact of packaging on organizational sales turnover: a case study of Patterzon Zoconist Cussons (PZ) Plc, Nigeria. *Interdisciplinary Journal of Contemporary Research in Business*. 4(11); 497-508.
- Suman, M.S and Mansi, K.M (2014). impact of branding strategies on consumer buying behaviour in FMCD industry. *IOSR Journal of Business and Management* . Volume 16, Issue 1. PP 126-135
- Wanoff, S. M. (2007): *An Introduction to Persuasive Advertising*. Bailey Brothers Swiffen. Folkstone.