

**THE EFFECT OF PRODUCT PACKAGING ON SALES  
PERFORMANCE OF COFFEE PROCESSING INDUSTRY: A  
CASE STUDY OF TO.MO.CA PLC**

**Addis Ababa University**

**School of Commerce**

**Department of Marketing Management**

**Graduate Program Unit**

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**June, 2019**

**Addis Ababa, Ethiopia**

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**School of Commerce**

**A Thesis submitted to school of graduate student of Addis Ababa  
University School of Commerce in partial fulfillment for Award of  
Masters of Arts degree in Marketing Management**

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**June, 2019**

**Addis Ababa, Ethiopia**

**ADDIS ABABA UNIVERSITY**

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**Marketing Management Graduate program unit**

This is to certify that the thesis prepared by Bethlehem Temesgen entitled: *The Effect of Packaging on sales performance of Coffee Processing Industry: a case study on TO.MO.CA PLC*, submitted in partial fulfillment of the requirements for the degree of Master in Marketing Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

**Approved by the Board of Examiners:**

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**Declaration of**

I, Bethlehem Temesgen, hereby declare that this paper entitled “*The Effect of Packaging on sales performance of Coffee Processing Industry: a case study on TO.MO.CA PLC*” is my original work and has not been used by others for any other requirements in any other university and all sources of information in the study have been appropriately acknowledged.

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**Student**

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**Signature**

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**Date**

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## **Acknowledgment**

First and for most I would like to express my deepest gratitude to the almighty God for his blessings and for making me accomplish this huge achievement. Secondly I am greatly indebted to my thesis advisor Hailemariam Kebede (Ph.D.) for his unreserved attention and support in advising me for the better improvement of this thesis.

Thirdly, I am very grateful for my family for supporting me in every step of my life. I am very blessed to have you in my life. All my friends, especially Ato Mesfin Asmamaw, you have played a great deal in accomplishing this thesis; I have no words to express my heartfelt thanks.

Last but not least would like to thank my husband Ato Yonas Tadele who made the assignments possible in helping me to collect the data I need for this work, I honestly don't know what I would do without you. I cannot even begin to thank you enough for your kind assistance. God bless you all.

Bethlehem Temesgen



## Acronyms/Abbreviations

A	Agree
ANOVA	Analysis of Variance
CE	Consumer Electronics
DA	Disagree
FMC	Fast Moving Consumer Goods
MRIA	Members of the Marketing Research and Intelligence Association
N	Neutral
PC	Packaging Color
PI	Product Information
PM	Packaging Material
R	Overall Correlation
R <sup>2</sup>	Correlation Coefficient
SA	Strongly Agree
SD	Strongly Disagree
SPSS	Statistical Packages for Social Science

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## **Abstract**

*Companies in order to create the right packaging for their products, they must understand their sales performance and also the role and the effect of packaging as a variable that can influence the sales of the product. Therefore, by understanding, what factors influence the sales performance and what packaging elements are most important that will help companies making the right decisions about product packaging. The research identified the dependent variable of the study that is the sales performance and some independent variables like packaging color, packaging material, printed information and innovation. The research mainly focuses on coffee processing company TO.MO.CA PLC which is one of the pioneers in production of coffee. There are 10 branches in Addis Ababa but by using convenience sampling, 5 branches were selected. The research data was collected through 385 structured questionnaires and SPSS V 25.0 was used to analyze the data collected and to test the hypotheses put forward. The result also showed packaging color, packaging material, product information and innovation all have a strong and positive relation with the sales performance as they were hypothesized. Based on the result of the study it is recommended that coffee companies should pay much attention specifically for product information and innovation packaging.*

**Key Words: Packaging attributes, sales performance**

## CHAPTER ONE

### INTRODUCTION

This chapter presents the background of the study, statement of the problem, research questions, and objectives of the research, scope, significance, and limitation of the study, organization of the study and definition of terms.

#### 1.1 Background of the study

Every time a customer walks in a store, she/he will see a big variety of packages. In fact, packaging is everywhere. Almost the whole lot in this contemporary day comes with a package, let it be a simple, plain or one with excellent printing and properly developed. The notion of keeping things has commenced considering that the age of nomadic hunters and gatherers; the place things were stored in herbal materials such as leaves, timber pieces, animal skins and nut shells. This thinking has later highly advanced into the so known as packages these days, as a result to support human contemporary lifestyles via each progressive stage of human community (World Packaging Organization 2008).

Harris (1999) mentioned on the improvement of package commenced from the first glass container brought in Egypt and Babylon around 2500 B.C. and extraordinary sorts of applications such as garments wraps, paper boxes, canning and plastic one after some other as always inspired with the aid of the state of affairs and life-style of human. In today's society, the things to do of packing and preserving goods are in addition related with technical consideration and some other new enterprise had been added as human think about it as necessary and really worth studied in depth. Thus, the time period packaging have been started to be heard in the cutting-edge times.

Brody (2000) defines packaging as follows:

*“A package is the object or entity that is used to encase goods where packaging is more toward the practice or precept of packing or generating packages with the aid of integrating bodily factors or ideas thru the availability of technology. When the phrase packaging is used, human beings will have a*

*tendency to relate it to safety, shelf life, convenience, appearance, and value of raw materials, transportation costs, handling, law, manufacturing and tools”.*

However, Harris et al. (1999) cited that the entire package deal also consists of art, graphic, advertising and psychology elements as well. Draskovic (2009) are in supportive to this via stating that the communicational dimensions of the packaging being the issue affecting buyers and in the suggest time influencing their shopping behavior. Packaging acts as “silent salesman” or “salesman on the shelf” due to its reason to attract customers to purchase the products. Therefore, packaging elements which includes text, color and shapes are necessary to alternate the understanding of shoppers toward the product.

Once the appearance of overall packaging changes the understanding of consumers, they might purchase them regardless of the excessive cease brand or not. Talking about first-time purchasing, customers tend to be attracted with the aid of complex and novel exterior visible design on packages. Knowing how the product attracts consumer’s interest from the multitude of commodity packaging marks the first step of success (Wang 2007).

More than 1,000 years ago, coffee used to be a goatherd in Ethiopia southwestern highlands plucked a few pink berries from some young green timber developing there in the woodland and tasted them to take a look at it haves the taste and make feel-good effect to the shoppers at that time. In addition, as David Beatty discovers in phrases and pictures, the Ethiopian province where they first blossom Kaffa gave its title to coffee. The story of coffee was beginnings in Ethiopia, and the country is original home of the coffee plant, coffee Arabica, which nonetheless grows wild in the forest of the highlands of Ethiopia. While nobody is sure, exactly how coffee originally discovered as a beverage plant, it believed that its cultivation and use started out as early as the 9th century in Ethiopia. (Selamta 2014: IAAE 2012)

One of the coffee processing industries in Ethiopia is TO.MO.CA. Coffee Pvt. Ltd. Co. a family owned coffee roasting company was set up in 1953 in Addis Ababa, Ethiopia. The company’ name is abbreviated from the Italian Torrefazione Moderna Café, which directly translates contemporary coffee roasting.TO.MO.CA coffee is the main and the first organization based in Addis Ababa, Ethiopia. The organization enters into new unexplored market and expands to Japan and Australia. In the coming years

they count on their exporting coffee to North America, Europe, Middle East. In the last two decades the company has grown its presence and has been in the packaging process. Employees pay the outmost element on the great coffee with a long history in the coffee roasting business. Arabica coffee such as Harrar, Yirgachefee, Sidamo, and Limu Italian made roasting machines. They roast exclusive Ethiopian roasting and grinding the finest Ethiopian coffee for over half of a century. (tomocacoffee 1953).

Despite the existence of a number of Models on packaging in the literature, this research has been used the most commonly cited model of Underwood and Silayoi, P. & Speece, M.. The element drawn by Underwood and Silayoi P. & Speece M. to measure the elements of packaging of the famous coffee company TO.MO.CA.

Our country is reach in coffee production but the sales rate is small due to many reasons one of which is poor packaging. Among many coffee processing industries TO.MO.CA is the leading one, so this is the reason why the research will focus on the product packaging in coffee processing industry a case study on TO.MO.CA PLC.

## **1.2 Statement of the problem**

A good packaging helps to identify and differentiate merchandise to the consumers. Packaging is used for easily transport and safety purpose Packaging helps corporations differentiate the merchandise from alternative brand. Companies have to understand what influences buyers in their client shopping behavior and what is the role of the packaging elements toward shopping for decision process of buyers at some point of their buy decision. Market research helps organizations to create the ‘right’ packaging for a product, as well as the packaging factors that would possibly be of importance to consumers.

According to Alvarez and Casielles (2005) organizations’ intentions are developing brands in order to appeal to and keep the existing consumers. The scholars have diagnosed the significance of having loyal customers; due to the fact loyal customers tend to buy extra frequently, and are much less possibly to be influenced by means of competitors’ promotion and communication strategies. Companies can use this grasp in a very strategic way in order to provide the right products and offerings to the right consumer at the proper time.

Consumers respond to packaging based totally on previous information, learned reactions and character preferences (Aaker 2010). So, packaging elements, shapes, colors, sizes and labels might affect buyers to reply positively.

This study is motivated because the study on product packaging on sales performance on coffee processing industry is under researched. Moreover, it is important to notice that the Ethiopian environment is different from other developing countries environment, even if the country is categorized under developing country its production of coffee is massive making the country Africa's top producer, with 260,000 metric tons in 2006 (Food and Agricultural commodities production 2010) but sales is low due to the many problems one of it is not giving much attention to packaging : as one of the important factors for products to be sold. Moreover, it is important to notice that the Ethiopian environment is different from the developed countries environment where the usage of packaging habits is concern. Therefore, it is better to see the impact of our countries context to enrich and extend understanding the attribution of packaging on sales performance of TO.MO.CA PLC in Addis Ababa.

### **1.3 Research Questions**

Based on the above problem statement the research posed the following questions to get clear picture and answer on packaging.

#### **1.3.1 Main Research Question**

- What is the effect of product packaging on sales performance?

#### **1.3.2 Sub Research Questions**

- What is the effect of packaging color on sales performance?
- What is the effect of packaging material on sales performance?
- What is the effect of product information on sales performance?
- What is the effect of packaging innovation on sales performance?



## **1.4 Research Objectives**

### **1.4.1 General Objective**

- To understand the effect of product packaging on sales performance of coffee processing industry.

### **1.4.2 Specific Objectives**

The specific objectives of the study are:

- To examine the effect of packaging color on sales performance.
- To investigate the effect of packaging material on sales performance.
- To examine the effect of product information on sales performance,
- To investigate the effect of innovation on sales performance.

## **1.5 Scope of the study**

This study dealt extensively with “The Effect of Product Packaging on Sales performance” to the consumers. The research covered the effect of packaging on product of a specific company TO.MO.CA coffee processing PLC.

For the purposes of this study an experiment took place in Addis Ababa, in five different branches with particular products (Coffee). All participants recruited at the selected branches based on their willingness to participate. The variables under this study are limited to packaging color, packaging material, product information and innovation of packaging of coffee products.

The study used quantitative research approach, primary and secondary data source. Survey research method has chosen where the questionnaire was used to collect the information. It also employed a structured survey.

## 1.6 Significance of the study

This study is meant to be reference material for other subsequent researches who might be interested in delivering into similar or related topic.

It will also assist the manufacturers in principles and methods of packaging concept, which is the definition of what packaging, should basically be or do for a particular product and must also be compatible with public policy. It will also benefit them in designing packages for their products to suit the taste and preference of the target market and to enable them know what consumers expect on the package.

To the consumers, the study will also help on what they should expect on the product packaged such as brand name, product content and ingredients with safety warning manufactured, expiry date and how to use the product etc.

## 1.7 Limitation of the study

While conducting the study, despite the existence of several instruments, the research has used only questionnaire as a data collection instruments. With this method some form of information likes changes of emotions, behaviors and feelings were not understood. In addition to this, there is no way of telling how much though respondents have put to fill the questionnaire. To overcome this, the researcher has explained the purpose of the study and gave sufficient time for respondents to return the questionnaires.

## 1.8 Definition of Terms

- **Sales Performance:** is the measurement of the number of sales that an employee makes for a business. It helps more people hit quota more often by focusing on tools and processes to help the individual sales and channel personnel. It is also defined as the process of overseeing and training employees to advance their sales skills, processes, and results. Making sure your sellers are motivated, trained and are in the right territories is critical to your success and every company should be focused on doing just that (Aeroleads 2017).
- **Product Packaging:** The wrapping material around a consumer item that serves to contain, identify, describe, protect, display, promote and otherwise make the product marketable and keep

it clean. Packaging is more than just your product's pretty face. (Entrepreneur small business 2019)

- **Packaging color:** Packaging colors are one of the elements that will set your business apart from others and your choice of colors will set your product apart from your competitors' products. The colors you choose should send the right subliminal messages to inspire any potential customer to buy your product. Color is the best way to reflect and enhance a unified image and branding of your product as it is such a visual medium. (Scott 2018)
- **Packaging material:** are used to enclose or hold together the packaged goods. You can pack the packaged goods into or onto the packaging material. The packaging material can be a load carrier. The most important packaging materials are, for example, crates, boxes, containers, wire baskets, and pallets. (Sap 2019)
- **Product Information:** The labels on packages are important components of the overall marketing mix and can support advertising claims, establish brand identity, enhance name recognition, and optimize shelf space allocations. The consumer can change his/her decision on the basis of information printed on the packaging. Mostly in Merchandises and daily FMCG the consumer can perform evaluation on the basis of printed information. (Global Journal of Management and Business 2012)
- **Packaging Innovation:** The process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources, and includes all processes by which new ideas are generated and converted into useful products. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers. (business dictionary 2019)

## 1.9 Organization of the study

The paper consists of five chapters. The first chapter dealt with the introduction part that consists of background of the study, statements of the problem, research questions, objectives of the study, scope, significances, limitation of the study and last the definition of terms. Chapter 2 contains a review of the related literature. The research design and methodology will be presented in chapter 3. In chapter four, the results and findings of the study will be analyzed .Finally; chapter 5 will deal with summary of

findings, conclusions and recommendations by researcher based on the result obtained from the research.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Introduction

This chapter discussed on the literature review of product packaging on sales performance of coffee processing industry where dependent and independent variables will be defined. The purpose to conduct the literature review is to understand each variable in this research topic in terms of terms, definition, characteristics and relationships. The last section is a conceptual framework was proposed based on the relevant theoretical models that relate to the research topic.

#### 2.2 Theoretical Review

It focuses on the relationship between the dependent and independent variables. The distinction between dependent and independent variables is as important in a comparative study as in a regression analysis. Dependent variable in case of a comparative study is the one which we aim to predict and independent variables here are the ones which were used to predict the dependent variable.

##### 2.2.1 Concept on Packaging Design

In this dissertation, it is argued that “packvertising” goes beyond the view of packaging as a communication vehicle for logos, claims and product descriptions. More specifically, it is proposed that packaging has the ability to affect product attribute inferences through unobtrusive features in its design. Packaging design is defined as the graphic and structural elements that comprise a packaging, such as shape, color; size and typeface ( Karjalainen 2007; Underwood 2003; Van Rompay, Pruyn, & Tieke 2009).

These elements may serve as implicit cues that have the capacity to draw attention and connote product attributes through associations. In contrast to explicit cues such as price, brand or claims, these implicit design cues are not immediately consciously perceived and recognized as informative by the consumer. That is, just as consumers may be unaware of the smell of freshly baked bread when they enter a supermarket, they may be unaware of packaging design when they choose a product. Instead, they may deliberately process explicit cues that they perceive as informational for a relevant attribute, such as

labels for healthiness, or price for quality. Rather than explicitly communicating information (Silayoi & Speece 2004), packaging design may induce automatic product associations or ‘make sense’ when it is used in way that is congruent with consumer expectations or with the identity of the product (Karjalainen 2007).

In other words, packaging design relates more to the subconscious side of decision-making (Silayoi 2004; Speece 2004). Furthermore, even if consumers are aware of packaging design elements, it is the unawareness of its persuasive effect wherein design differs from explicit packaging cues. As also argued by Chartrand (2005), consumers may or may not be aware of the presence of a (design) cue, but usually lack awareness of the automatic persuasive effect it evokes.

Earlier work on packaging design elements merely addressed effects of packaging design on aesthetical evaluation and visual attention (Bloch 1995; Hekkert 2006; Meyers-Levy & Tybout 1989; Van Rompay & Pruyn 2011; Veryzer & Hutchinson 1998). For instance, research has indicated that (proto) typical packaging design (packaging design typical for products within a given product category) is preferred to a typical product packaging (Loken & Ward 1990).

This effect may be caused by fluency, which comprises that typical objects are cognitively processed with more ease compared to a typical object. This increased ease in cognitive processing induces positive effect, which the consumer automatically attributes to the object (i.e., packaging). Thus, as a result of fluency, typicality increases object attractiveness (Winkielman: Halberstad:, Fazendeiro & Catty 2006). Furthermore, typical design may be associated with the typical product attributes that are sought for within a product category (Veryzer & Hutchinson 1998).

A typical packaging design on the other hand, has the advantage that it draws more attention and increases saliency in the market place (Schoormans & Robben 1997). Thus, packaging design directly affects consumer attention at the point of purchase, and also affects aesthetical evaluations depending on the degree of category representation.

Only recently, scholars have started to show interest in packaging design as a branding tool that signals product attributes by communicating these attributes in a subtle, symbolic or metaphoric way. A number

of studies examining the role of such symbols and metaphors in creating product differentiation and identity are based on embodiment accounts, such as Conceptual Metaphor Theory (Lakoff & Johnson 1999), Perceptual Symbol Systems (Barsalou 1999), and Associated Systems Theory (Carlston 1994). The common ground of these theories is the notion that people make inferences regarding concepts (or: attributes) by drawing from existing associations with concrete sensor motor information, such as movement, shapes or colors. Specifically, these inferences regarding attributes are established through repeated co-occurrence between sensory states and semantic concepts. For example, the perception that high entities are often powerful (e.g., skyscrapers or high positions in hierarchies), creates a strong association between verticality and powerfulness, and hence induces inferences regarding powerfulness on the basis of verticality (or vice versa).

Similarly, packaging design elements such as shape and color may serve as symbols or metaphors that affect product attribute inferences. For instance, the degree of angularity in packaging graphics affects taste intensity and oral-somato-sensory experiences of foods, due to associations between shape and other sensory experiences (i.e., strength). Becker, Van Rompay, Schifferstein and Galetzka (2011) demonstrated, for example, that an angular product packaging changes taste perception of a dairy product. This was in particular true for participants with a high sensitivity for design, who experienced products with an angular packaging.

### **2.2.2 Concept on Sales performance**

Packaging has become itself is a marketing tool for the organizations. The consumer's shopping for behavior conjointly aroused by the packaging quality, color, wrapper, and different characteristics of packaging. Packaging may be a whole package that becomes final commercialism proposition that stimulates impulse shopping for behavior. Packaging will increase sales and market share and reduces market and promotional prices. According to Rundh (2005) package appeals consumer's attentiveness towards a definite brand, will increase its image, and stimulates consumer's perceptions regarding the product.

Furthermore, packaging conveys distinctive worth to product (Underwood 2003; Silayoi, & Speece 2007), packaging works as instrument for differentiation, and helps customers to come to a decision

about the merchandise from big selection of parallel product, packaging conjointly stimulates customer's shopping for behavior (Wells, Farley & Armstrong 2007).

### **2.2.3 Concept on Packaging color**

Color analysis paid very little attention within the field of promoting (Labrecque, Patrick, & Milne 2013) and effects of various colors on consumers' decisions. Consumers' perceptions are unnoticed in literature in spite of the actual fact that the majority product assessments by customer's area unit supported colors alone (Funk & Ndubisi 2006; Singh 2006). Borgogno (2015), in their study on meat, have known color together of the intrinsic quality cues powerfully related to customers' expectations whereas searching. Skorinko, Kemmer, Hebl, and Lane (2006) in their study on naming products/brands have shown that although names significantly influence on the shoppers' perceptions concerning colors still the name connected to a color is of secondary importance once the color itself seeks primary importance for the customers. Frank (2001) in their analysis involving a medicine's colors showed that color was concerning 3 times a lot of vital than retail value in shaping consumers' purchase choices.

Packaging color plays an especially very important role in act with customers. Funk & Ndubisi (2006) have stressed that colors will arouse the interest in a very product and may encourage customers toward its shopping for. They outlined 5 dimensions of color as following, as well as color significance, angle towards color, color attractiveness, normative color, and color preferences. Color significance states that not all colors have same significance for purchasers. As an example, white is coupled to peace whereas inexperienced looks cool. Angle towards a product color can predict their searching behavior customer's area unit a lot of possible to recollect colored portion of ads than non-colored portion. In normative color, customers obtain to influence from external factors or setting. Customers could like sure colors over others in several products for example; a color that a client prefers for vehicles might not be most popular for furnishings. Color preferences predict customer's shopping for preferences in associate outlet.

Skorinko et al. (2006) have known 3 main color preferences that a color performs well for low involvement, fast paced, and trade goods which cannot suit for prime involvement buying choices by customers (Basera, Mutsikiwa, & Dhliwayo 2013). The right use of colors aids in distinctive and guiding the angle towards that product (Singh 2006); but, it had been conjointly noted that color of packaging can even be deceptive as an example, (Muttie 2011) according that twenty per cent of the



cigarettes' customers believe that cigarettes tagged as lightweight are unit less dangerous than the cigarettes tagged as dark.

#### **2.2.4 Concept on Packaging material**

In keeping with Global journal Inc (2012) any material used particularly to defend something- packing, wadding. Client can exchange its selection regarding packaging fabric high exceptional packaging attracts purchaser then low satisfactory packaging the first applications used the herbal materials at that time: Baskets of reeds, wineskins (Bota luggage), timber containers, pottery vases, ceramic amphorae, timber barrels, woven bags, etc. Processed materials had been use to shape applications as they have been evolved: for example, early glass and bronze vessels. The look at of antique applications is an essential component of archaeology. Iron and tin plated steel have been used to make cans in the early nineteenth century.

Paperboard cartons and corrugated fiberboard bins have been first brought within the late 19th century. Packaging advancements inside the first twentieth century enclosed plastic closures on bottles, obvious cellophane over wraps and panels on cartons, expanded process potency and improved meals safety. As additional materials which include aluminum and several forms of plastic had been advanced, they were incorporated into packages to enhance performance and capability. So packaging materials has strong effect on shopping for behavior. (Global magazine Inc. 2012)

#### **2.2.5 Concept on Product Information**

The large literature on product information in food packaging is testament to its impact on consumer perceptions (Hieke and Taylor 2012 or Hershey 2013). Studies have checked out relative placement of data (Rettie and Brewer 2000), and particularly the impact of varying amounts of product information on the packaging (Silayoi and Speece 2004).Several studies have found that an excessive amount of info on packaging negatively impacts shoppers response and beliefs (Meyvis & Janiszewski 2002).

The big literature on product data in food packaging is testimony to its effect on purchaser perceptions (Hieke and Taylor 2012 or Hershey 2013). Research have looked at relative placement of facts (Rettie and Brewer 2000), and mainly the effect of numerous portions of product statistics at packaging (Silayoi and Speece 2004). Numerous researches have determined that an excessive amount of statistics on packaging information negatively influences client reaction and ideals (Meyvis & Janiszewski 2002).

### 2.2.6 Concept on Packaging Innovation

Innovative packaging may actually add value to the product if it meets a consumer need such as portion control, recyclability, tamper proofing, child-proofing, easy-open, easy-store, easy-carry, and non-breakability. Manufacturers today strive to have packaging that maintains the key equities of the brand, stand out appeal on the retailer's shelf, and is sustainable but with lower production costs. The customer can adopt product on the basis of its innovative packaging, which shows the relation between sales and innovation of packaging. An innovatively designed wrapper or container will have an outsized impact on whether or not a product is detected on store shelves. Packaging features include environmentally friendly packaging, portion controlled packaging, tamper-proofing, child-proofing, easy-carry, or packaging that is not easily breakable. (Rice 1997)

In view of Rice (1997) a good package should be characterized by the following:

- **Attractiveness:** the package should be attractive and fascinating to draw customer's attention. Attractive packaging stimulates, thus packaging can dramatically influence customers' minds hence some end up demanding the product due to its attractive package.
- **Economical:** A good package should be economical. Costly package increases the price of the purchased component
- **Protective:** A product should be packaged neatly so that quality, quantity and color of the components does not decline thus it should be insulated from damage by rain, dust or insects. Proper package should ensure no damage or spillage during transportation.
- **Communicative:** A good package should provide information about quantity and brand utility of the merchandise
- **Convenient:** The package should allow free and easy movement of the product from one place to another. The shape and package size should also be compatible with retailers and wholesalers for shop or for consumers to keep at home. The package should preferably be re-usable.
- A good packaging should reflect the conditions in which the product should be sold.
- Packaging needs to highlight compelling and believable claims on product differences.

## **2.3 Empirical Literature Review**

### **2.3.1 Introduction**

The research will try to look into others researches which have studied on packaging on different products such as on bottled wines, food stuffs, baby products, dairy products, skin care products etc and how packaging is seen from different scholars perceptives.

### **2.3.2 Packaging Color and Sales Performance**

Several studies have investigated problems along with packages as a means of attracting the attention of purchasers (Underwood 2001; Garber 2000; Goldberg 1999; Schoormans & Robben 1997). Different studies researched programs as a means of verbal exchange as well as a method of making the brand known and what the product means (Underwood & Klein 2002; Garber et al. 2000, Schoormans & Robben 1997; Gordon 1994; Homer & Gauntt 1992; Rigaux-Bricmon 1981; McDaniel & Baker 1977) packages are discovered to draw interest (Underwood et al. 2001; Garber et al. 2000; Goldberg et al. 1999; Schoormans & Robben 1997). In reality, Goldberg et al. (1999) discovered that by dismissing such non-verbal symptoms as colors, the eye to verbal signs can be extended. Photographs on packages are emphasized to draw interest, in particular when customers are not very acquainted with the manufacturers (Underwood et al. 2001).

Furthermore, programs are claimed to draw attention when their appearances aren't traditional within product magnificence (Garber et al. 2000; Schoormans & Robben 1997). In other phrases, past research has determined that deviating packages attract interest. Other research displays that deviating package colorations and shapes entice attention (Garber et al.2000; Schoormans & Robben 1997). Underwood et al. (2001), then again, found that photos on packages attract interest in particular instances when purchasers are less acquainted with a logo. Research that have centered on other single signs and symptoms than pictures on programs have determined that such single package deal signs and symptoms as colorings (Gordon et al. 1994), logo names (Rigaux-Bricmont 1981), and materials (McDaniel & Baker 1977) convey complete thought.

The arguments was made by different scholars on non verbal signs such as packaging color and the verbal signs pictures on packaging, the research is mainly focus in the non verbal signs that is the packaging color. The researcher believes that the color has an effect on sales performance of a company

## **H1: Packaging Color has significant and positive effect on sales performance**

### **2.3.2 Packaging Material and Sales performance**

Adelina Broadbridge (2007), “Client buying conduct and perception nearer to retail and whole baby products”. A -stage study methodology such as each qualitative and quantitative research techniques became adopted. The populace was defined as ‘parents of children underneath the age of 5 who use baby care merchandise. Both the qualitative and quantitative research showed that respondents adopted similar risk reduction techniques of their purchase of child care products. This study investigated customer perceptions and buying conduct of child care merchandise. The outcomes of the primary studies indicated that clients need to sense confident with the product in terms of reliability and performance of packaging.

Based on the research result obtained by different scholars, the clients need to feel confident to use the product by looking into the quality of packaging material, easily storable and in general convenience to be used. So the researcher believes that packaging material has an effect on sales performance of a company.

## **H2: Packaging Material has significant and positive effect on sales performance**

### **2.3.3 Product Printed Information and Sales performance**

Lunardo (2007) has a great research on the influence of label on wine consumption its effects on young consumers’ perception of authenticity and purchasing behavior .The main objective of the paper is to spot the consequences of believability on purchase behavior. They used a repertory grid (RG) approach as a method framework so as to grasp that pattern of options is healthier for purchase. All the relationships between believability provided by the label of bottles and shopper behavior attributes (performance risk, perceived price and purchase intentions) have all been tested by using linear regressions. This study was supposed to produce a clear understanding from the label of bottled wine. As an endeavor to increase the analysis on the influence label of bottled wine will increase consumers’ selections of shopping for, the current it is clear from these findings is the major role played by labels.

Lunardo (2007) worked on “The Influence of Eco-Labeling on Consumer Behavior”. The main objective of this study was to assess the relative importance of the labeling in Packaging compared to totally different product attributes (like whole, price, etc.) for consumers’ shopping for choices. The

method approach that they selected was separate alternative analysis, which is particularly powerful for this kind of analysis. Further this study attempts to analyze the importance of the labeling and packaging differs between product groups. They surveyed a complete of 302 customers; 2 thirds of the interviews were conducted in German language. The variables chose within this study are, present mood, time, buying purpose with regard to sustainability marketing. The most vital results of analysis is that the important disposition to buy packaging energy economical merchandise.

Liang Lu (2008) worked on a paper: Packaging as a strategic tool University of Halmstad college of Business and Engineering. Packaging is an important part of the product that not only serves a functional purpose, but also acts as a mean of communicative information of the products and brand character. Packaging must be functional; it must protect the products in good storage, in shipment and often in use. Besides, it's additionally operated which will offer customers the benefit of access and use on the aim of convenience.

P.H.K.Prathiraja and A.Ariyawardana (2003) has a great study in the impact of nutritional labeling on Consumer Buying Behavior. This study shows that customers use organic process labeling once creating a buying call which it's particularly attributable to health consciousness. A majority of the respondents disclosed that they're willing to pay one thing extra for the organic process information provided on food things.

K Sony (2008) studied the buyer responses toward attribute framing in product packaging. The main purpose of this study is to research the impact of message framing, level of involvement, and numerical difference on consumer response. Fresh-milk product was chosen because the object for experiment. This study has the subsequent suggestion for packaging style supported the findings. Fresh milk is commonly considered as Health-related product. The study is advantageous in giving marketers an additional thorough image of however message framing affects client response in numerous numerical alternatives and level of involvement. It will even be useful in developing a hit packaging strategy.

Lunardo (2007) has an incredible research on the impact of label on wine intake, its effects on younger consumers' perception of authenticity and buying conduct. The primary objective of the paper is to become aware of the outcomes of authenticity on buy conduct. They used a repertory grid (RG) method

as a methodological framework for you to recognize which sample of functions is higher at inducing buy all of the relationships between authenticity provided by means of the label of bottles and purchaser conduct attributes (performance threat, perceived charge and buy intentions) have all been examined by way of using linear regressions. This examine turned to mean to provide a greater complete know-how on the influence of the authenticity perceive from the label of bottled wine.

Lunardo (2007) labored on “The influence of Eco-Labeling on purchaser behavior” the primary objective of this have a look at changed to assess the relative significance of the labeling in Packaging in comparison to other product attributes (like brand, charge, etc.) for customers’ buying selections. The method that they selected become discrete choice analysis, that's mainly powerful for this sort of analysis similarly this take a look at attempts to analyze if the significance of the labeling and packaging differs among product corporations.

Liang Lu (2008) worked on a paper: Packaging as a strategic device college of Halmstad college of commercial enterprise and Engineering. Packaging is an essential part of the product that no longer simplest serves a useful purpose, however also acts as an average of communicative facts of the products and emblem character. Packaging should be practical; it should defend the goods in top storage, in cargo and regularly in use except, it has also the feature which can give clients the benefit of get entry to and use at the motive of comfort.

P.H.ok.Prathiraja and A.Ariyawardana (2003) has an outstanding study inside the impact of nutritional labeling on consumer shopping for conduct. This have a look at shows that consumers use nutritional labeling whilst creating a shopping choice and that it is specifically due to fitness attention. A majority of the respondents found out that they may be inclined to pay something additional for the dietary statistics provided on meals items.

K Sony (2008) studied the client’s responses toward attribute framing in product packaging. The main reason of this observation is to investigate the impact of message framing, level of involvement, and numerical difference on client’s response. Clean-milk product changed into chosen as the item for experiment. This take a look at the subsequent thought for packaging layout based on the findings fresh

milk is typically considered as fitness-associated product. The study is superb in giving entrepreneurs a more thorough picture of how message framing affects purchaser response in various numerical options and degree of involvement it's going to also be helpful in developing a hit packaging strategy.

Therefore, based on the different scholars perceptives on product information, the researcher came to believe that product information has an influence on sales of a product.

**H3: Product printed information has significant and positive effect on sales performance**

#### **2.2.4 Packaging Innovation and Sales performance**

This paper has shown that impulse shopping for is certainly an applicable thing in CE retailing, for this reason justifying the usage of income packaging but, optimization is still vital. From an economical and environmental perspective it is expensive to use sales packaging (with additional fabric use and transport volume) to products that do not need them, or to apply them in an ineffective way. In your price range fees and environmental impact can be expressed in single rating, indicating the packs overall performance. To permit right management of the packaging design the sales overall performance has to be expressed in as simple manner as possible, ideally also single rating. As calculating the overall sales performance is not possible so needs to be tested. The stress from time-to-market within the CE enterprise needs to be fantastically simple.

By looking into a more simple, easy to store, packaging in unique manner might influence customers to buy a specific product, the research also believes that having a creative idea on packaging and making it available to customers have a direct impact on sales.

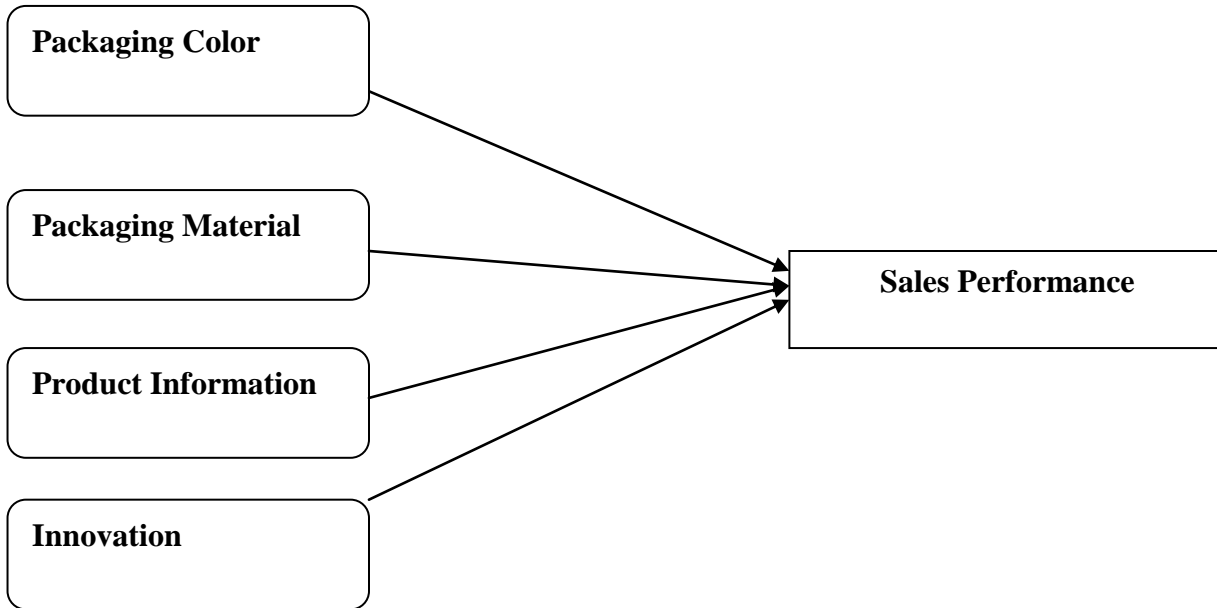
**H4: Packaging Innovation has significant and positive effect on sales performance**

## 2.4 Conceptual Framework

Based on a rigorous theoretical and empirical review the following conceptual framework has been developed to guide the research study.

### Independent Variables

### Dependent Variable



**Figure 1 Adopted from Silayoi & Speece, 2007**

Different scholars have made their points on packaging of different products. There were arguments regarding the importance of packaging. Regardless of the arguments, the research made hypothesis on coffee packaging and believes that all the packaging attributes (i.e. Packaging color, packaging material, product information and innovation) have a positive and direct relationship with the dependent variable sales performance of a company (TO.MO.CA PLC).



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

There are several methods and procedures that are used in the study which exist under the following subheadings: research approach, type of research, sampling design, research instrument, method of data collection and data analysis method.

#### **3.1 Research Approach**

When conducting a research, there are different ways to consider in approaching the research problem. According to Crewell(2009), there are three research approach which involve quantitative, qualitative and combination of the two. According to Cooper (2003) as cited by Farhadi (2009) quantitative research helps to determine the relationship between an independent variable and dependent variable in a population. It is also used to explain causal relationships to facilitate generalization and to predict the future whereas a qualitative research method provides a complete picture of the situation by increasing the understanding of social process and interrelations.

Bases on the objectives of the study and the availability of relevant information, this study has used quantitative research design which helps to arrive at possible research final destination efficiently. The quantitative approach was applied to examine the relationship between the dependent variable (i.e. sales performance) and the independent variables (i.e. packaging color, packaging material, product information and innovation).

#### **3.2 Research Method**

Interview, questionnaire and focus group discussions are the three known types of research methods. Focus groups are formally organized, structured groups of individuals brought together to discuss a topic or series of topics during a specific period of time (Marczyk,DeMatteo and Festinger 2005).Questionnaire is a method of deciding on how the sample is to be surveyed (e.g.by mail, by phone, in person) and developing the specific questions that will be used (Marczyk,DeMatteo and Festinger , 2005). Interview is qualitative

data required to understand in-depth motivation for people's behavior or feelings Adams (2007).

This study has used questionnaire to conduct information from respondents because it was helpful to collect large amount of information in short period of time with larger sample size.

Second, it was also the easiest method to analyze scientifically than other forms of research methods. Finally, this method was a relatively cost effective and also can be carried out by the researcher or by any number of people with limited affect to its validity and reliability.

### 3.3 Sampling Design

TO.MO.CA. coffee is the leading and the first coffee company based in Addis Ababa, Ethiopia. The company enters into new unexplored market and expands to Japan and Australia. In the coming years they expect their exporting coffee to North America, Europe, Middle East. In the last two decades the company has grown its presence and has been in the packaging process..

The study was conducted in Addis Ababa. The research focuses on TO.MO.CA PLC due to its stay in the business for so long and has built innumerous customers and also has 10 branches. Out of the 10 branches the study focused on customers who frequently use 5 branches (Bole Medhianealem, Piassa, Sarbet, Wolosefer and Atlas) by using convenience sampling technique. The study was conducted on buyers of TO.MO.CA coffee in Addis Ababa.

For this research published table was used to provide the sample size by assuming a 95% confidence interval and 5% margin error, where n is the sample size,  $Z^2$  is the abscissa of the normal curve that cuts off an area a at the tails (1-a equals the desired confidence level, e.g. 95%), e is the desired level of precision, p is the estimated proportion of the attribute that is present in the population, and q is 1-p. The value of Z is found in statistical tables which contain the area under the normal curve (Israel, 1992).

$$n = \frac{Z^2 pq}{e^2} = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 385$$

As sample size determination was based on the unknown population formula, a total sample size of 385 for each 5 branches (77 questionnaires to be distributed).

This research is conducted by using a non-probability convenience sampling technique. Convenience sampling is the deliberate choice of a participant due to the qualities the participant possesses. It's a nonrandom technique that does not need underlying theories or a set number of participants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience. It is typically used to identify and select the information-rich cases for the most proper utilization of available resources. This involves identification and selection of individuals or groups of individual that are proficient and well informed with a phenomenon of interest. In addition to knowledge and experience, the importance of availability, willingness to participate, and the ability to communicate experiences and opinions in an expressive and reflective manner.

Unlike random studies, that deliberately embody a various cross section of ages, background and cultures, the thought behind judgmental sampling is to focus on folks with specific characteristics who will better be able to assist with the relevant research (Ilker,Sulaiman and Rukayya, 2016).

### **3.4 Research Instrument**

The researcher has used primary sources of data in the study. In this study primary data generated and presented through a structured questionnaire was fully applied. This developed questionnaire then arranged into a five point Likert scale anchored from “strongly disagree “ to “strongly agree” on the scale.

The questionnaire has three sections. The first section covers the demographic profile of the participants like age, gender, education level and marital status. The second section was structured on a likert scale of 1-5 shows their degree of agreement or disagreement to the sentences about the constructs under study.

### **3.5 Procedures of Data Collection**

The choice of technique is influenced by the data collection strategy, the kind of variable, the accuracy needed, the gathering purpose and therefore the ability of the surveyors. Links between a variable, its supply and sensible strategies for its collection will facilitate in selecting acceptable strategies. The most common information collection strategies are:

Questionnaires: forms that are completed by respondents. a reasonable technique that's helpful where skill rates are high and respondents are co-operative. The study can use structured form strategies to the chosen respondents. The study also used primary information sources.

Data was collected by using convenience sampling. A complete of 385 self-administered questionnaires to be distributed to customers who consume TO.MO.CA coffee in several branches placed in Addis Ababa. The respondents was asked to point their level of agreement or disagreement with a series of statements supported by a five-point Likert scale, starting from one (strongly disagree) to 5 (strongly agree). The unit of research was concerned to TO.MO.CA'S customers.

### **3.6 Reliability Test**

Though, questionnaire which was partially adopted with minor customization from previous research done by Zekiri and Hasani (2015) a pre test was made for reliability and validity. In order to ensure the reliability of the study, 20 questionnaire were distributed randomly and Cronbach's alpha coefficient was computed. The Cronbach Alpha was used to test reliability of the scales used from the pre test sample.

Cronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale: it represented as a number between 0 and 1. According to Zikmud (2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability, a Cronbach's alpha score a 0.7 or higher are considered as adequate to determine reliability.

Therefore, the lowest alpha registered was and the highest was the overall reliability test results of the whole dimensions were inferred that all measures were internally consistent. As shown in the table below overall scale reliability is 0.830 which is also above 0.7.

**Table 3.1 Reliability Statistics**

Cronbach's Alpha	N of Items
.830	5

### 3.7 Validity Test

Validity is the strength of conclusion, inferences, or propositions. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In other words, validity is the extent to which difference found with a measuring instrument reflects the difference among those being tested (Kothari, 2004).

Number of different steps was used to ensure the validity of the study:

- Data was collected from the reliable sources, from respondents who have experiences in purchasing and using packed coffee.
- Survey questions were made based in literature reviews and frame of references ensure result validity.
- A pilot study was conducted to determine whether the questionnaire was actually measuring what it intended to measure. 20 respondents were given questionnaire for the different locations to test the research instrument before distributing it to the whole sample. This pilot study enabled the researcher to modify any vague item to ensure that the research is valid.

### 3.8 Methods of Data Analysis

In different analysis style, information analysis strategies ought to be connected with variety of analysis technique chosen for the study. As mentioned within the previous section, primary information was collected during this study. Before analyzing, the collected and

coded information was checked for any attainable errors whereas getting into or cryptography the info. This method is crucial and can save heaps of headache later (Pallant 2005).

The data screening method involves number of steps:

**Step 1:** Checking for errors. First, one must check every variables for scores that are out of range (i.e. not inside the vary of attainable scores)

**Step 2:** Finding the error within the file, second, one must notice wherever within the file this error occurred (i.e. that case is involved).

**Step 3:** Correcting the error within the file. Finally, one must correct the error within the file itself.

The screened information was then bestowed mistreatment statistical distribution tables to consistently organize information worth with a count of what percentage times every value occurred during a dataset. Then, simple mean and tabulation was applied to induce clear image concerning the primary part of the form concerning the respondents. Then after, so as to induce logical thinking concerning the model and its pertinence inferential statics was used. By applying a bivariate correlation analysis, the scholars were attempting to envision the influence of package color, package material, product information and innovation on sales performance. This was accomplished so as to pinpoint the causative relationship of the independent variables in reference to the dependent variable.

After descriptive analysis, the regression model was nominal shaping the explanatory and therefore the explained variable within the study, this then determined the kind of regression the study used. That was multiple regressions (where its assumptions were checked with co linearity diagnostics). The kind of relationship for multiple regressions by default was a random or stochastic wherever for every worth of the variable X, there'll be some values of the variable quantity Y solely with some likelihood.

### **3.9 Ethical Consideration**

Social science research is widely regarded as providing substantial benefits to societies, usually these studies is designed to solve problem a given society faces or to influence policy makers to make amendment in favor of the society (Smith 1998).

Ethical consideration must be addressed in experiments involving either human subject or animals. Ethical standards must be observed in designing, conducting and reporting of the research (MRIA 2007).

- The study didn't misuse any information discovered, and the study has certain moral responsibility maintained towards the participants.
- The study didn't misuse any information located, and the researcher has sure ethical responsibility maintained closer to the individuals.
- The study has a duty to protect the rights of people in the study as well as their privacy and sensitivity.
- The confidentiality of those who was involved in the observation that was carried out, keeping their anonymity and privacy secure.
- All of these ethics was honored unless there are other overriding reasons to do so - for example, any illegal or terrorist activity.

## CHAPTER-FOUR

### RESULTS AND DISCUSSION

As indicated in the previous chapter, this part of the paper analyzed the effect of packaging on sales performance on coffee processing industry in A.A, Ethiopia. To this end, the results obtained from the survey analyzed through SPSS out puts Mean, Standard deviation, also frequency, and percentage.

The questionnaire data was distributed and returned in five coffee shop’s customers namely: Bole Medianialem branch, Wolosefer branch, Piassa branch , Atlas branch, Meskelflower branch and Sarbet branch.

**Table 4.1 Response Rate**

Questionnaire Data	385	100%
Questionnaire Returned	358	92%
Questionnaire Discarded	27	8%
Questionnaire For Analysis	358	

**Source: Questionnaire of 2019**

#### **4.1 Data Presentation and Analyses**

The table 4.2 below shows that, the gender compositions of the respondents 175 or 49% are female and the remaining 183 or 52% are male. The respondent age was categorized between 18-30 years are 101 (28%), the age between are 31-40 years 165 (46%), the age between 41-50 years are 57 (16%), and the age above 51 years are 35 (10%).

It shows that 121 or 34% respondent are single and 222 (62%) are married. The rest 15 or 4% of them are divorced. The academic level of respondents shows that 39 or 11% respondent are from high school and below , 41 or 12% respondent have Diploma, 191 or 53% have bachelor’s degree, 76 or 21% of them hold master’s and there is also 10 or



3% respondents answered other which means 3 Phd holders and one Pilot trainer (among the 3%).

To examine the validity of the respondents, validity-checking questions were asked. The validity-checking question asked how often do the respondents buy packed coffee 77 or 22% answered always , 240 or 67% answered sometimes and 41 or 12% answered other (22 or 6% don't buy,4 or 1% occasionally,1 or 0.3% once 1 or 0.3 other packed coffee,4 or 1% rarely, 1 or 0.3% raw beans, 1 or 0.3% Roasted).

This result shows that most of the coffee consumers are male , the age category is between 31-40 years , the marital status are married, academic level bachelors degree and the frequency level (buying habit ) responded sometimes but the 22% is also significant for buying packed coffee. So it is valid since most of the respondents are adults with more experience in buying packed coffee.

**Table 4.2 Respondents based on their demographic characteristics**

<b>Descriptive Statistics</b>			
		<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Female	175	48.9
	Male	183	51.1
<b>Age</b>	18-30 yrs	101	28.2
	31-40 yrs	165	46.1
	41-50 yrs	57	15.9

	Over 51 yrs	35	9.8
<b>Martial Status</b>	Single	121	33.8
	Married	222	62.0
	Divorced	15	4.2
<b>Academic Level</b>	High School and below	39	10.9
	Technical/Vocational Certificate Diploma	41	11.7
	Bachelor's Degree	191	53.4
	Master's Degree	76	21.2
	Other	10	2.8

<b>How often do you buy packed coffee?</b>	Always	77	21.5
	Sometimes	240	67.0
	Other	41	11.5

**Source: Questionnaire of 2019 and SPSS results**

#### **4.2 Descriptive analysis of packaging attribute dimension**

The mean score of each dimension of packaging attributes were calculated.

As shown in table 4.3 the mean score values of packaging attributes dimension for Coffee buyers ranges between 3.15 (mean score value of packaging color with standard deviation of 0.895, 3.94 (mean score of packaging material) with standard deviation of 0.588, 3.98 (mean score of product info) with standard deviation of 0.679 and 3.92 (mean score of innovation) with standard deviation of 0.65 . These scores have the minimum and maximum mean score values of packaging attributes dimension respectively. The overall packaging attributes dimensions as measured by buyers of coffee is well above average.

**Table 4.3 Descriptive Statistics packaging attributes dimension**

	N	Mean	Std. Deviation
Packaging color	358	3.1469	.89529
Packaging material	358	3.9436	.58845
Product info	358	3.9825	.67975
Innovation	358	3.9212	.64868
Valid N (listwise)	358		

**Source: Own Survey (2019)**

### 4.3 Correlation

Among the 358 respondents the table 4.4 below represents the table of correlations. Where two variables –packaging color and sales performance– are positively correlated ( $r = .575$ ,  $p = .000$ ). There is strong relation between these two variables, which is significant. It also implies that using attractive colors in packaging we can grab customer attention and also increase sales.

It also shows relationship between two variables- Packaging material and sales performance are positively correlated ( $r = .591$ ,  $p = .000$ ). There is strong relation between these two variables, which is significant. It means that the customer can adapt product on behalf of its packaging background. This result is also useful to marketer so that they create products with best possible packaging material.

Table below shows two variables printed information positively correlated ( $r = .684$ ,  $p = .000$ ). There is strong relation between these two variables, which is significant. From the result obtained the respondents are information oriented (gives more attention to information) since it is mentioned above most of the respondents have a bachelor degree. So manufacturer who are involved in coffee must give due attention to the information labeled in the packed coffee.

Where two variables innovation and sales performance positively correlated ( $r = .626$ ,  $p = .000$ ). There is strong relation between these two variables, which is significant. Therefore, there is positive, strong and significant relationship between innovation and sales performance. As stated above most of the age category is b/n 30-41 years from this the researcher can say that the respondents are more into new ideas , how easy the product is to be stored , how easy it is to carry and they will also be interested if packed in unique manner etc. The manufacturer must take into account and be creative enough to attract this particular target market.

**Table 4.4 Correlation for all the independent variables**

Independent Variables	Sales Performance
-----------------------	-------------------

<b>Packaging Color</b>	Pearson Correlation	0.575**
	Significant (2-tailed)	0.000
<b>Packaging Material</b>	Pearson Correlation	0.591**
	Significant (2-tailed)	0.000
<b>Product Information</b>	Pearson Correlation	0.684**
	Significant (2-tailed)	0.000
<b>Innovation</b>	Pearson Correlation	0.626**
	Significant (2-tailed)	0.000
	<b>N</b>	<b>358</b>

**Source: Own Survey 2019**

#### **4.4 Test for Linear Regression Model Assumption**

##### **4.4.1 Normality Assumption**

A normal distribution is one of the importantly assumed statistical the procedures. Normality of a data should test before running the regression analysis because of multiple regressions requires that the independent variables in the analysis be normally distributed. According to Brooks (2008), as cited by Abate (2012) if the residuals are normally distributed, the histogram should be bell- shaped and thus this study implemented graphical methods to test normality of data.

Among the others, one of the assumptions was normality of the data should be tested before running the analysis of the data using skewness and kurtosis. According to Field (2005) normality distributed data assumed that the data are from one or more normally distributed populations. The rationale behind hypothesis testing relies on having normally distributed populations and so if these assumptions are not met then the logic behind hypothesis testing is flawed. Skewness should be between +2 and -2 range, if the data is normally distributed. Kurtosis is the peakedness or flatness of the distribution and this distribution shall also commonly fall between +2 and -2, although a few authors according to (Garson, 2012), are more lenient and allow kurtosis to fall within +3 and -3. As shown in the table the data of this study is normally distributed since the skewness and kurtosis value are within +2 and -2 , +3 and -3 ranges respectively.

**Table 4.5 Skewness and Kurtosis checking for normality of the data**

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Packaging color	358	-.231	.129	-.744	.257
Packaging material	358	-.459	.129	.904	.257
Product info	358	-.286	.129	-.086	.257
Innovation	358	-.807	.129	1.801	.257
Valid N (listwise)	358				

**Source: Own survey (2019)**

#### **4.4.2 Homoscedasticity**

The assumption tells us that for each value of the predictors the variance of the error term should be constant, Said in another way, Homocedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables have a similar variance. That is, at each point along any predictor variable, the spread of residuals should be fairly constant. For a basic analysis, we first plot \*ZRESID (Y-axis) against \*ZPRED(X-axis) on SPSS because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met (Field 2009). The graph of \*ZRESID and \*ZPRED should look like a random array of dots evenly dispersed around zero. If this graph funnels out, then the chances are that there is heteroscedasticity in the data. If there is any sort of curve in this graph, then, the chances are that the data have broken the assumption of linearity (Field 2009).

The explanatory variables looks like they are evenly dispersed around zero and that the graph is not something like come shaped. Therefore, it is safe to say that this study has no homoscedasticity problem.

#### 4.4.3 Multi-collinearity Test Assumption

In regression, multi-collinearity occurs when independent variables in the regression model are more highly correlated with each other than with the dependent variable, they are basically measuring the same thing. In other words, when two variables are highly correlated, they both communicate essentially similar information. One way to assess muliti-collinearity is to examine correlations among the independent variables; they may be a problem with multi-collinearity problem, cited by Muhammed (2012). Multi-collinearity can also be detected using tolerance value and variance inflation factor (VIF) value. An insignificant tolerance value point to variable under discussion is almost a perfect linear combination of the independent variables already in the equation and that it should be dropped out from the equation. Multi-collinearity does not exist among all the independent variables provided that the tolerance value of all the independent variables is greater than 0.1 and the VIF values of all the independent variables are also less than 10. As you can see from the table below all the variables tolerance value are greater than 0.1 and the VIF are less than 10.

**Table 4.6 Multi-collinearity**

Model	Collinearity Statistics	
	Tolerance	VIF
Packaging color	.824	1.214
Packaging material	.521	1.918
Product info	.530	1.885
Innovation	.483	2.069

a. Dependent Variable: Sales performance

**Source: Own survey (2019)**

#### 4.5 Regression Analysis

As you can see the model summary table 4.7 below the adjusted R Square statistic tells us the proportion of variance in the dependent variable that is accounted for by the independent variables. The adjusted R<sup>2</sup> tells us how much variance in the outcome would be accounted for if the model had been derived from the population from which the sample was taken. In this case the co-efficient of determination adjusted R<sup>2</sup> was 0.652. This implies that about 65.2% of the dependent variable (i.e. sales performance) can be explained by the independent variables (i.e. Packaging color, packaging material, product information and innovation) , leaving about 34.8% to be explained by other exogenous variables. Adjusted R<sup>2</sup> values also indicate the overall effect of all the independent variable on the dependent variable.

The assumption of independence error refers in regression are independent: this assumption is likely to be met if the Durbin- Watson statistics is close to 2 and between 1 and 3(Field, 2009). As shown in the table 4.7 the Durbin-Watson test for this study found to be 1.739 which indicates that the assumption of independence errors is met. So there is no autocorrelation detected in a sample.

**Table 4.7 model summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
1	.810a	.656	.652	.38441	1.739

**Source: Own survey 2019**

The next part of the SPSS output reports an analysis of variance (ANOVA). The summary table 4.8 that shows the various sums of squares described and the degrees of freedom associated with each. From these two values, the average sums of squares (the mean squares) can be calculated by dividing the sums of squares by associated degrees of freedom. The most important of the table is the F-ratio, which is a test of the null hypothesis that the regression coefficients are all equal to zero. The ANOVA table shows F value is 168.205,



which is significant at p less than 0.001; this result shows that there is less than 0.1 % chance that F-ratio this large would happen, if null hypothesis proposed about F-ratio were true. Therefore we can conclude that our regression model results significantly better prediction of sales performance of coffee product and that regression model overall predicts sales performance significantly well.

**Table 4.8 Regression ANOVA model**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>Regression</b>	99.421	4	24.855	168.205	.000b
<b>Residual</b>	52.162	353	.148		
<b>Total</b>	151.583	357			

**Source : Own survey 2019**

The third outcome of SPSS regression analysis provides details of the model parameters( the beta values) the significance of this values. The strength of each predictor (independent variables) influencing the criterion (dependent variable) can be investigated via standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of Beta coefficient an independent variable brings more support to the independent variable as the more important determinant in predicting the dependent variable. From the table below, we can say that a is 0.290, and this can be interpreted as meaning that if all the elements of the package dimensions were to be zero, the model predicts that 29% of buyers purchase coffee without looking for the packaging attributes.

**Table 4.9 Regression coefficient model**

<b>Model</b>	<b>Unstandardized</b>	<b>Stan</b>	<b>t</b>	<b>Sig.</b>	<b>95.0%</b>
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		Coefficients		Standardized Coefficients			Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	.290	.151		1.927	.055	-.006	.586
	Packaging color	.253	.025	.348	10.122	.000	.040	.228
	Packaging material	.134	.048	.121	2.802	.005	.204	.303
	Product info	.301	.041	.314	7.314	.000	.220	.381
	Innovation	.272	.045	.271	6.032	.000	.183	.361

**Source: Own Survey 2019.**

### **Model for Role of Packaging on Sales Performance**

The objective of the regression in this study is to find such an equation that could be used to find the impact of predictors on dependent variable. The specified regression equation takes the following form:

$$S = \alpha + \beta_1(PC) + \beta_2(PM) + \beta_3(PI) + \beta_6(IN)$$

Where ;

Sales performance= S

Packaging color = PC

Packaging Material = PM

Printed Information = PI

Innovation = IN

Therefore, equation comes as

$$\text{Sales Performance} = 0.290 + 0.348(\text{PC}) + 0.121 (\text{PM}) + 0.314(\text{PI}) + 0.271(\text{IN})$$

The regression table 4.9 shows that keeping other variables constant a unit increase in packaging color will bring 0.348 increase in the sales performance of TO.MO.CA coffee product in Addis Ababa. A a unit increase in packaging material will bring 0.121 increase in the sales performance of TO.MO.CA coffee product in Addis Ababa. A unit increase in product information will bring 0.314 increase in the sales performance of TO.MO.CA coffee product in Addis Ababa. Also a unit increase in innovation bring 0.271 increase in the sales performance of TO.MO.CA coffee product in Addis Ababa.

#### **4.5.1 Validating the proposed hypothesis**

**Hypothesis 1:** Packaging Color has significant and positive effect on sales performance.

To test this hypothesis, a multiple regression was run on SPSS which have overall fitness of the model which was presented in the previous paragraphs and the significance of each independent variable in affecting the dependent variable.

Based on the tables and justifications provided in the preceding paragraphs, packaging color has a significant and positive effect on dependent variable sales performance, where the t-value statistics value was calculated to be 10.122 at p value less than 0.000. The value of coefficient which is found 0.348 which means that a unit increase in packaging color will bring 0.348 increases in sales performance of TO.MO.CA Coffee PLC in Addis Ababa. Therefore H1 is accepted.

**Hypothesis 2:** Packaging material has significant and positive effect on sales performance.

To test this hypothesis, a multiple regression was run on SPSS which have overall fitness of the model which was presented in the previous paragraphs and the significance of each independent variable in affecting the dependent variable.

Based on the tables and justifications provided in the preceding paragraphs, packaging material has a significant and positive effect on dependent variable sales performance, where the t-value statistics value was calculated to be 2.802 at p value less than 0.005. The value of coefficient which is found 0.121 which means that a unit increase in packaging color will bring 0.121 increases in sales performance of TO.MO.CA Coffee PLC in Addis Ababa. Therefore H2 is accepted.

**Hypothesis 3:** Product information has significant and positive effect on sales performance.

To test this hypothesis, a multiple regression was run on SPSS which have overall fitness of the model which was presented in the previous paragraphs and the significance of each independent variable in affecting the dependent variable.

Based on the tables and justifications provided in the preceding paragraphs, packaging material has a significant and positive effect on dependent variable sales performance, where the t-value statistics value was calculated to be 7.314 at p value less than 0.000. The value of coefficient which is found 0.314 which means that a unit increase in packaging color will bring 0.314 increases in sales performance of TO.MO.CA Coffee PLC in Addis Ababa. Therefore H3 is accepted.

**Hypothesis 4:** Innovation has significant and positive effect on sales performance.

To test this hypothesis, a multiple regression was run on SPSS which have overall fitness of the model which was presented in the previous paragraphs and the significance of each independent variable in affecting the dependent variable.

Based on the tables and justifications provided in the preceding paragraphs, packaging material has a significant and positive effect on dependent variable sales performance, where the t-value statistics value was calculated to be 6.032 at p value less than 0.000. The value of coefficient which is found 0.271 which means that a unit increase in packaging color will bring 0.271 increases in sales performance of TO.MO.CA Coffee PLC in Addis Ababa. Therefore H4 is accepted.

## CHAPTER-FIVE

### SUMMARY OF FINDINGS, CONCLUSION & RECOMMENDATION

#### 5.1 Introduction

The fifth and last chapter of this study revolves around the major findings of the study and what we can conclude from the findings and give recommendation based on the findings. This chapter moreover highlighted the limitations of this work and indicated future research areas for anyone interested in the effect of packaging attributes in sales performance.

#### 5.2 Summary of Findings

Packaging is everywhere, the notion of keeping things has commenced considering that age of nomadic hunters and gatherers, the place things were stored by using different herbal materials. The thinking has later advanced into the so called packaging. When we talk of coffee packaging the first thing that comes to mind is our country Ethiopia. The story was beginning in Ethiopia, the country where the coffee plant was first originated it's believed that its cultivation and use started out as early as 9<sup>th</sup> century in Ethiopia. One of the pioneering coffee processing companies is TO.MO.CA PLC a family owned coffee roasting company which was set up in 1953 in Addis Ababa, Ethiopia.

The paper aims to contribute to the theoretical understanding of the effect of the packaging on sales performance of coffee processing industry in Addis Ababa by examining the four major researches constructs; these are the effects of packaging color, packaging material, product information, and innovation on coffee product. The different packaging attributes were backed by four hypotheses which are significantly and positively related with the sales performance.

- The research used a sample size of 385 respondents and 358 were responded by assuming 95% confidence interval and 5% margin error from five different branches.

In the descriptive statistics part the following results were achieved.

- The result showed that the data are normally distributed in terms of skewness and kurtosis. From the demographic questions the result showed that the most coffee consumers are male, the age category is between 31-40 years, who are married with bachelors degree and who sometimes have a habit of buying packaged coffee. So the respondents have more experience in buying packed coffee.

In the inferential statistics part the following results were achieved.

- The result showed that all the independent variables are strongly and positively related with the dependent variable sales performance.
- The regression table and the ANOVA model shows that 65.2% variance in the dependent variable can be predicted from the dependent variable.
- Regression coefficient model showed a change in one independent variable will result to change in the dependent variable and out of the four independent variables product information results to more sales.
- Based on the different SPSS results the researcher came up that the independent variables have a significant and positive effect on the dependent variables, so the alternative hypotheses were all accepted.

### **5.3 Conclusion**

Based on the study, the researcher made the following conclusion.

Packaging is use for marketing communication purposes and they are the important element in which influences the sales performance of a company. Research that have centered on other single signs and symptoms than pictures on programs have determined that such single package deal signs and symptoms as logo names and materials convey complete thought. Package could be treated as one of most valuable tool in today's marketing communications in coffee product, necessitating more detail analysis of its elements and effect of those elements on sales performance.

The arguments was made by different scholars on non verbal signs such as packaging color and the verbal signs pictures on packaging, the research is mainly focus in the non verbal signs that is the packaging color.

Packaging material has a positive relation with the sales performance. Using better packaging materials influences the consumer to think that the product is enriched with quality, has healthier protection of the product and are easy to open. Most consumers associate that the quality of the packaging material with the effect towards the price of the product. The packaging of the products mostly shows environmental friendliness of the product.

People want some innovative creations which attract them and shade a different light towards the brand. Unique packaging has a greater influence on sales of the product. Product packed in unique manner is an innovative technique that will positively influence the sales performance. Easy to store and easy to carry innovative packaging designs will enhance the convenience of the consumer in buying the product. This will in turn increase the influence of consumers on sales performance.

Information properly delivered on a packaging can have a powerful effect on sales performance which in result increases the reliability of a product. A display of appropriate information about the product results in influencing sales. The language used to display the information on the packaging gives consumers the ability to understand the product.

Finally, consumers believe that among the attributes the printed information on the package and innovation of the package will have the most influence on the sales performance. The packaging color and the quality of the packaging material on average influence compared to printed information and innovation. All the packaging attributes have an effect on sales performance of coffee processing industry TO.MO.CA PLC.

#### **5.4 Recommendation**

The general understanding of the influencing factors of sales performance, needed to be examined and reexamined with the ever changing effect of globalization and technology



based on the findings proposed in chapter four , this study proposes the following recommendations.

- ✚ It is highly recommended to the research and product development units that they should give due attention to packaging. The use of poor packaging could result in causing of product failure in the market. It is necessary to set appropriate standards to packaging and to enforce the standards accordingly for better marketing and sales of a product. Researcher believes packages are communication strategy at the point of purchase and proper care given to the packaging attributes, like color, material etc will result in increased consumers buying behavior as they influence sales and revenue of the coffee processing PLC.
- ✚ It should be noted that packaging is not the only factor that influences the sales performance its one of the factor. Therefore, appropriate marketing techniques should be employed to increase the awareness of the consumer towards the manufacturer's product.
- ✚ The researcher recommends an appropriate level of investment should be made to these attributes; it will result in a reasonable increment in the revenue of an enterprise, as they will influence the sales performance of a company.
- ✚ It must be noted that enterprises must prioritize between packaging attributes as their effect on the sales performance is not the same. While some attributes like printed information have higher influence, others attributes like colors may not have as much influence as expected.
- ✚ Finally the researcher believes that among the packaging attribute, innovation of the packaging and printed information on the packaging will have the most influence on the sales. The researcher also recommends, even though not as influential as innovation and printed information, due attention must also be given to packaging color and packaging material.

### **5.4.1 Limitation of the study**

The research is limited by following points:

- ✚ The absence of adequate studies regarding packaging and organized data especially empirical literatures, which would be useful to lay more relevant factual base for the study.
- ✚ The respondents were unwilling to fill the questionnaires due to lack of time and lack of understanding the usefulness of the study.
- ✚ The sampling source came only from the customers of TO.MO.CA PLC in Addis Ababa. The sample might not be generalized and not fully display the general characteristic of the consumers.

### **5.4.2 Future area of the study**

The domain of this study was TO.MO.CA coffee buyers of coffee processing industry in Addis Ababa; as such in any future study of this topic it may be necessary to conduct a comprehensive research which encompasses different buyers of coffee outside Addis Ababa. It would be also be useful to work on other coffee processing industry within Addis Ababa or out of Addis. It would also be interesting to research on another consumer product that people use in day to day bases. Future studies are recommended to include other packaging elements to have a more advanced knowledge on packaging.

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## **Appendix**

**Addis Ababa University**

**College of Business and Economics**

**School of Commerce**

**Marketing Department**

My name is Bethlehem Temesgen and I am currently studying for Masters in Marketing Management School of Commerce. I am conducting research on the “The Effect of Product packaging on sales performance of Coffee Processing Industry: A case study of TO.MO.CA PLC”. The questionnaire is categorized into three sections and will take no longer than 10 minutes to complete. All responses will be kept anonymous and no one will be identified in the research. Thank you in advance.

### **Section 1: General Information**

The following question lists different general questions, please kindly tick (✓) your answer in the appropriate boxes.

1. Gender:

Female

Male

2. Age:

18-20 years

21- 30 years

31- 40 years

40 - 50 years

Over 51 years

3. Marital status:

Single

Married

Divorced

4. Academic level:

- High school and below (Diploma)
  Technical/vocational certificate  
 Bachelor's degree
  Master's degree  
 Other (specify) \_\_\_\_\_

5. Do you buy packed coffee?

- Always
  Sometimes  
 If other specify \_\_\_\_\_

**Section 2: Attributes of Packaging on Sales performance**

The following table lists different packaging characteristics and the attributes of each characteristic, please kindly circle your answer in the appropriate number.

Strongly Disagree= 1

Disagree =2

Neither Agree nor Disagree =3

Agree =4

Strongly Agree =5

PC1	I feel like it is important to look for packaging color when deciding which product to buy.	1	2	3	4	5
PC2	I believe that changing the color of packaging could lead to change in sales of coffee.	1	2	3	4	5
PC3	If I have a little experience with a product, I search for products using packaging color to help me make a more informed decision.	1	2	3	4	5
PC4	I find out a packaging color is important to determine the quality of a product.	1	2	3	4	5
PC5	I refuse to purchase a product without knowing its packaging color	1	2	3	4	5
PM6	I think that the packaging material shows the product's quality.	1	2	3	4	5
PM7	I feel like the quality of packaging is related with the price of the product.	1	2	3	4	5
PM8	I think that the packaging material of coffee is easy to open.	1	2	3	4	5

PM9	When I see the packaging material I will feel like the product is protected.	1	2	3	4	5
PM10	I will buy the product if I think its material is environmental friendly.	1	2	3	4	5
PI11	I feel like it's important to look for product information when deciding which product to buy.	1	2	3	4	5
PI12	If I have a little experience with the product, I search for product information to help me make a more informed decision.	1	2	3	4	5
PI13	I believe that language used in packaging influence my buying behavior.	1	2	3	4	5
PI14	I feel like printed information increases my confidence on the product.	1	2	3	4	5
IN15	I feel like packed product in unique manner influence me to buy.	1	2	3	4	5
IN16	I look for product packaging which can be recycled.	1	2	3	4	5
IN17	I believe that Easy to store of packaging has an effect on sales of coffee.	1	2	3	4	5
IN18	I believe that Easy to carry of packaging has an effect on sales of coffee.	1	2	3	4	5
IN19	I look for more efficient coffee packaging.	1	2	3	4	5

### Section 3- Sales Performance

The following question lists questions on sales performance of coffee product, please kindly circle your answer in the appropriate numbers.

SP1	Over all I believe packaging color has an effect on sales of coffee.	1	2	3	4	5
SP2	Over all I believe that qualities of the packaging material have an effect on sales of coffee.	1	2	3	4	5

SP3	Overall I feel like product printed information on package has an effect on sales of coffee.	1	2	3	4	5
SP4	Overall innovation is important and has an effect on sales of coffee.	1	2	3	4	5
SP5	All the packaging elements significantly influence me to buy packed coffee.	1	2	3	4	5