

The Influence of Packaging on Brand Equity in Malaysian Small and Medium Enterprises: A Conceptual Paper

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Abstract

This article discussed at conceptual level the influence of packaging on the formation of brand equity in Malaysian small and medium enterprises (SMEs). This paper utilised qualitative inductive methodology to critically review and reconcile Aaker's brand equity theory with other emerging streams of findings in this area in order to propose an expansion of the Aaker's model in the SMEs context. Existing literature indicates that most of the studies on brand equity have examined the effect of packaging on the creation of brand equity in the context of large companies. Only a handful of studies investigate the effect of packaging on brand equity in the context of SMEs. The paper found that packaging has a positive relationship with brand equity in the context of SMEs. Therefore, SMEs practitioners are proposed to improve their competitive advantage in the market by using intangible asset which is brand equity.

Keywords: Branding, Brand equity, Packaging, Small and medium enterprises (SMEs)

1.0 Introduction

In current business markets which are characterised by high intensity of competition, it is essential for companies to investigate appropriate branding strategies that are able to guide them to maintain their customers by providing superior customer value. In branding literature, brand equity has been considered as being one of the key strategies in building successful intangible assets. Hanaysha and Haim (2015a) stated that brand equity is a valuable intangible asset that can endow companies with various competitive advantages. This is supported by researchers (Aaker, 1996; Keller, 1993; Su & Tong, 2015) whereby they acknowledged brand equity as an important competitive tool in obtaining sustainable competitive advantage in the market place. Particularly, Buil, de Chernatony, & Martínez (2013) stated that brand equity is able to influence consumers' perceptions and subsequent brand buying behaviours in positive way. Further, researchers (Freling, Crosno, & Henard, 2011; Su & Tong, 2015) added that the high levels of brand equity are able to lead to higher consumer preferences, brand purchase intentions and brand choice behavior.

Extant literature indicates that marketing strategies could influence the creation of brand equity. For example, packaging has been regarded as an important factor that affects consumers' overall evaluation of brands. Consumers usually tend to perceived positively towards product if they are impressed with innovative and creative and effective product packaging and thus increasing the value added for that product (Maznah, Mohd Ikhmal, Mohd Noor, & Mohd Rizaimy, 2011; Topoyan & Bulut, 2008). Therefore, this leads researchers to highlighted the importance of packaging in influencing consumer behavior such purchase intention (Gómez, Martín-Consuegra, & Molina, 2015), product and brand preferences (Mendez, Oubina, & Rubio, 2011; Ogba & Johnson, 2010) and purchase decision (Silayoi & Speece, 2004). Besides, packaging also were stated plays a key role in product success especially for the fast moving consumer goods (Simms & Trott, 2010)

Reviewing the literature, studies on brand equity by certain researchers (Buil et al., 2013; Ebeid, 2014; Hanaysha & Haim, 2015c; Valette-Florence, Guizani, & Merunka, 2011) were conducted in large companies whereby results generated are less likely to be comparable to SMEs companies. There appears to be a paucity of empirical studies into brand equity in the SMEs context. Further, little attention has been dedicated to understanding the marketing strategies such as packaging that influence brand equity in Malaysia, particularly in SMEs food industries. The food industry is pivotal in every country especially their contribution on global growth even during economic slowdown. In Malaysia, food industries are among the main contributors to national export which was RM16.56 billion in 2014 (MITI, 2014). Furthermore, food product constitutes a major part of consumer's consumption in many countries including Malaysia, where Malaysian households spend roughly 34 % of their income on food product (Rozita & Halimahton, 2014). Moreover, in Malaysia, almost all of the business establishments are small and medium enterprises (SMEs). Data showed that 97.3% of companies in Malaysia are SMEs which contribute about half of the 33.4% of total export at 17.8% (MITI, 2014; SME Corp., 2015). Therefore, there is a need to investigate appropriate strategies from branding perspectives to be implemented by SMEs companies in order to increase and maintain their sustainability in terms of sales volume as well as market share. The following sections discuss the literature of variables followed by methodology and analyses of result. Discussion and conclusion follow next.

2.0 Literature Review

This brief literature review will be discussed based on several insights from brand equity and packaging.

2.1 Brand Equity

Brand equity has become a major concern among researchers. This is because a successful brand promises companies with a powerful competitive position in the market. In branding literature, brand strength or brand equity is very important as it give companies success in product and brand expansions, strong acceptance of promotional programs, high entry barriers to competitors and increase the levels of customer satisfaction and loyalty (Farquhar, 1989; Gill & Dawra, 2010).

Reviewing the literature, brand equity can be conceptualised based on marketing or financial perspectives. From marketing or consumers' view point, brand equity can be measured based on consumer's perceptions (Pappu, Quester, & Cooksey, 2007; Yoo & Donthu, 2001). In this study, brand equity is conceptualised based on the perception of consumers and is referred as consumer-based brand equity. The definition is therefore referred to "the value that consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality and brand loyalty" (Pappu, Quester, & Cooksey, 2006). This definition was adapted from Aaker (1991). Aaker (1991) treated brand equity as a set of brand assets encompassing four dimensions namely brand awareness, brand associations, perceived quality and brand loyalty. Reviewing the literature, Aaker's viewpoint has become the leading authority on brand equity since his framework is more practical to use and can easily be operationalised and measured (Anselmsson, Johansson, & Persson, 2007). Therefore, this study is planned to measure brand equity based on four dimensions as stated above.

Brand awareness is termed as "the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category" (Aaker, 1991). In other words, brand awareness explained the familiarity of the customers with the brand makes customer to feel comfortable while making a purchase decision. On the other hand, brand association is defined as "anything linked to the memory of a brand" (Aaker, 1991). In the present study, perceived quality is defined as a perception of customers towards product's overall quality or product's superiority (Aaker, 1991). Finally, brand loyalty has been conceptualised in this study as consumer's attachment to a brand.

Attaining strong and positive brand equity provides companies with numerous benefits. Particularly, positive brand equity contributes to better customer satisfaction, improved level of brand loyalty and higher margins due to higher level of confidence to charge premium price (Aaker, 1991; Buil, de Chernatony, & Martínez, 2008; Gill & Dawra, 2010; Hanaysha & Haim, 2015b). Furthermore, companies with high brand equity can benefit from greater opportunities for brand extensions, higher consumer preferences and purchase intentions (Buil et al., 2008; Cobb-Walgren, Ruble, & Donthu, 1995). Strong and positive brand equity also leads to increased sales volume, profit margins, and the value of stock-market (Gupta, Lehmann, & Stuart, 2004). Researchers (Gill & Dawra, 2010; Lieven, Grohmann, Herrmann, Landwehr, & van Tilburg, 2014; Torres, Augusto, & Lisboa, 2015) indicated that companies with positive brand equity spend minimum expenditure on promotional, less vulnerability to the threats of competition and create

competitive advantages for the companies. Therefore, it is generally recognised that brand equity provides value added to the companies.

Previous literature indicated that there are numerous types of marketing effort contributes to the process of strengthening the brand equity namely product innovation (Hanaysha & Haim, 2015c), advertising (Buil et al., 2013; Hanaysha & Haim, 2015a), sales promotion (Buil et al., 2013; Valette-Florence et al., 2011), price promotion (Villarejo-Ramos & Sanchez-Franco, 2005), service quality (Hanaysha & Haim, 2015c), family (Gil, Andrés, & Salinas, 2007), word-of-mouth (Bambauer-Sachse & Mangold, 2011; Murtiasih, Sucherly, & Siringoringo, 2014), marketing communication (Villarejo-Ramos & Sanchez-Franco, 2005), market orientation (Noor Hasmini & Osman, 2014), country of origin (Hanaysha & Haim, 2015a; Norjaya, Mohd Nasser, & Osman, 2007) and brand personality (Valette-Florence et al., 2011). Researchers (Anselmsson et al., 2007; Keller, 1993) emphasized that packaging is one of the competitive tools which are able to provide companies with brand success and added value. However, this element is often overlooked by researchers (Topoyan & Bulut, 2008). Therefore, this paper attempts to look closely on the influence of packaging as an antecedent on customer-based brand equity in SMEs context.

2.2 Packaging

Packaging plays an important role in branding and product success (Agariya, Johari, Sharma, Chandrul, & Singh, 2012; Azad & Masoumi, 2012; Simms & Trott, 2010). The right packaging enables a brand to create a unique position in the consumer's mind and marketplace (Agariya et al., 2012). Besides, packaging also were considered as a way of communicating message to consumers, selling and promoting in order to sway customer choice, providing information and instructions and filling a need for convenience (Rundh & Bo, 2005). Hence, packaging can be treated as one of the important marketing tool which able to provide competitive advantage to the companies (Rundh, 2013).

Packaging can be defined as product identification as well as brand identity and value (Gómez et al., 2015). Scholars (Farhana, 2012; Keller, 1993; Underwood, 1996; Underwood, 2003) stated that packaging have a link on brand equity. Besides, Anselmsson et al. (2007) were also stressed that packaging is considered as important element in creating brand equity as it signals quality and influence perceived quality. Reviewing the literature, a number of studies highlighted the effect of packaging on the dimensions of brand equity such as consumer's perceived quality (Rigaux-Bricmont, 1982) and brand loyalty (Topoyan & Bulut, 2008). Additionally, packaging also were found have a positive relationship with the consequences of brand equity, such as purchase intention (Toldos-Romero & Orozco-Gomez, 2015), product and brand preferences (Mendez et al., 2011; Ogba & Johnson, 2010), customer perception (Maznah et al., 2011), purchase decision (Silayoi & Speece, 2004) and purchase and usage behavior (Gómez et al., 2015). However, limited number of studies were conducted to investigate the relationship between packaging and brand equity (Rigaux-Bricmont, 1982; Topoyan & Bulut, 2008). Even though packaging has become one of the important marketing tools for many consumer products in a competitive market, relatively limited studies and little interest has been paid in marketing literature (Rundh, 2009, 2013) especially on branding. Therefore, this paper aims to highlight the importance of packaging as one of the marketing strategies and thus investigate the link of packaging on marketing strategy.

3.0 Conceptual Framework

For this paper, a conceptual framework has been proposed as shown in figure 1. The methodology adopted is conceptual modeling in order to present a novel framework which highlights the significant predictors of brand equity in SMEs. To form this conceptual framework, a thorough literature review in branding, brand management and entrepreneurship has been conducted. Special emphasis has been given to studies conducted in the context of SMEs.

On the basis of aforementioned literature review, a conceptual framework has been set forth which proposes the following research propositions.

Research Proposition 1: Packaging has a positive relationship with overall brand equity.

Research Proposition 2: Packaging has a positive relationship with brand awareness

Research Proposition 3: Packaging has a positive relationship with brand association

Research Proposition 4: Packaging has a positive relationship with perceived quality

Research Proposition 5: Packaging has a positive relationship with brand loyalty

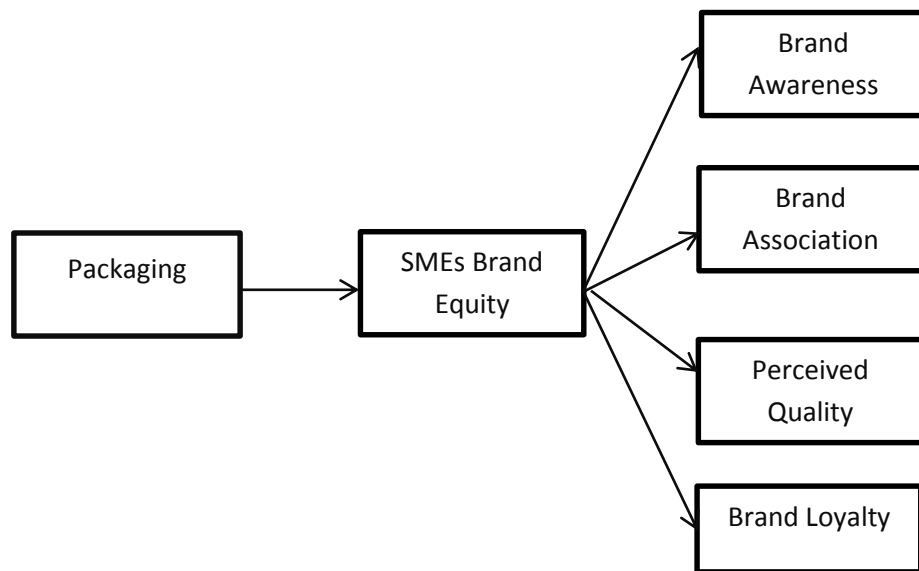


Figure 1: *Proposed Conceptual Framework*

4.0 Research Methods

For this study, the independent variable is packaging and the dependent variable is brand equity which consist of four dimensions namely brand awareness, brand associations, perceived quality

and brand loyalty. By using brand equity theory, this study is quantitative in nature. Data will be analysed using Partial Least Square- Structural Equation (PLS-SEM).

5.0 Discussion and Future Research Direction

This present conceptual paper contributes a better understanding on the role of packaging in the creation of brand equity in SMEs perspectives. Since packaging has been proven by Simms and Trott (2010) plays an important role in product success, hence SMEs are proposed to use packaging as one of the marketing strategy in improving company's competitive advantage by strengthening the intangible assets which is brand equity. Supported by Maznah et al. (2011), they also proposed that the study on the influence of packaging should be extended to various types of SMEs product and industries.

Based on the critical review on literature, studies on the influence of packaging on brand equity have received scarce attention from researchers especially in SMEs context. Thus, this conceptual paper offers several contributions. Firstly, this study contributes to the theory of brand equity by providing an understanding and acknowledging the influence of packaging on brand equity. Secondly, this study attempts to expand the investigation of brand equity in the context of SMEs. Lastly, this study set forth a research propositions that are to be tested in future empirical studies.

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