

Full Length Research Paper

Branding and packaging design: key insights on marketing milk to low-income markets in South Africa

Wayne van Biljon¹ and Mari Jansen van Rensburg^{2*}

¹Montic Dairy (Pty) Ltd., P. O. Box 488, Klip River, 1871, South Africa.

²Department of Business Management, University of South Africa, P. O. Box 392, Unisa, 0003, South Africa.

Accepted 2 August, 2011

The low-income market is a viable and highly untapped market. There is increasing interest in the poor as a market in South Africa. Yet, little is known about their shopping behaviour in retail settings. The purpose of the study on which this article reports, was to gain an understanding of the effect of pricing, brand and packaging on choice preferences of pasteurised milk by consumers sharing a living standard measure (LSM) classification of one to four. This research utilised a mixed method methodology design approach. Opinions of 103 respondents, exposed to an in-store simulation, were obtained to gain a better understanding of consumer behaviour towards brand and packaging design and how these elements affected purchasing decisions. Results revealed that price sensitivity plays a prerequisite role in the consumer purchase decision and that, while most respondents were willing to pay a price premium for brand and packaging design elements, limited income is a clear inhibitor. Brand awareness and trust also play an important role in quality perceptions, followed by image (created through visual stimuli) in choice preferences. The challenge for marketers is to find a balance between price and brand to suit consumer expectations and aspirations.

Key words: Low-involvement products, milk, brand awareness, packaging, choice preferences, visual stimuli.

INTRODUCTION

There is increasing interest in the poor as a market in South Africa. This interest is likely to grow as the state intensifies its efforts to fight poverty and as traditional higher income markets in South Africa face possible strain due to the impact of the global economic slowdown (Eighty20, 2009). Although the low-income market is a viable and highly untapped market, Knowledge Resources (2011) cautions marketers to take the time to understand the world and realities of this market as the consumers in this market display specific and unique needs. The combined purchasing power and brand loyalty within this market necessitates that marketers offer more than just a product or brand. Understanding the behaviour of consumers who have limited access to income, and live in rural or urban informal settlements where infrastructure is limited, provides unique research challenges. These challenges include language barriers,

low levels of literacy and limited access to respondents (Huchzermeyer and Karam, 2006). As a result, there is a lack of research on low-literate consumer shopping behaviour in retail settings. In fact, retailing decisions are likely to be based on implicit assumptions about literate consumer behaviour (Gau and Viswanatha, 2008), disregarding the unique nature of the “poor” consumer. Yet, according to Prahalad (2010), these “emerging consumers” at the “bottom of the pyramid” cannot be ignored since they constitute a significant market and represent an engine of innovation, vitality and growth.

Ironically, this market is often disregarded as unimportant due to their limited income, or exploited by offering low cost substandard products (Prahalad, 2010). Furthermore, little effort is made to understand the needs and expectations of the consumers in this market. As a result, this market has remained under-served by the organised private sector. However, those businesses that have overcome their scepticism realise that this market offers viable business opportunities (Prahalad, 2010). One such opportunity is found in the food industry; food expenditure can amount up to 70% of the average household income

*Corresponding author. E-mail: jvrenm@unisa.ac.za. Tel: +27 12 429 8357. Fax: +27 12 429 8558.

of consumers in the lower living standard measure (LSM) groups (Schönfeldt et al., 2010).

The purpose of the study, on which this article reports, was to gain an understanding of the effect of branding and packaging design on choice preferences of consumers sharing a LSM classification of one to four. More specifically, choice preferences in the purchase decision of pasteurised milk were considered. This study proposes that consumers in lower LSM categories consider affordability (price of a product) as a prerequisite condition that needs to be satisfied before considering a specific brand or packaging design. However, the use of branding and packaging design elements could offer a means to differentiate products and could have a positive effect on consumer purchase decisions.

LITERATURE REVIEW

The literature review provides an overview of the South African “bottom of the pyramid” market as well as the South African pasteurised milk industry in order to set the research context of this article. This is followed by a literature overview of the importance and role of branding, brand awareness and packaging design on consumers’ (in the LSM one to four groups) choice preferences when purchasing pasteurised milk.

The South African “bottom of the pyramid”

Although there is no single universal definition of the “bottom of the pyramid”, the LSM classification could be applied usefully to identify this group in South Africa. This classification was developed by the South African Advertising Research Foundation (SAARF) and has become the most widely used marketing research tool in Southern Africa. The LSM index profiles the South African market into 10 relatively homogeneous groups. Essentially, the LSM is a wealth measure based on standard of living rather than income, education or occupation (Haupt, 2006). Households falling into LSM groups one to four can be viewed as poor and are mostly considered to be impoverished (Martins, 2006). This is a large consumer group comprising as much as 33% of the South African population (SAARF, 2010).

Consumers in the lower LSM groups have low levels of literacy: 12% of consumers in this group have no formal schooling, 14% completed some primary school grades and another 13% have completed primary schooling (SAARF, 2010; Statistics South Africa, 2010). These statistics indicate that approximately 40% of this target market is considered to be functionally illiterate (highest level of education is Grade 7). The average income per household in these LSM groups is also low: that is, the average income for LSM one is R 1, 386, for LSM two is R 1, 564, and for LSM three and LSM four are R 2, 116

and 2, 580 respectively (SAARF, 2010). In most instances, English is not their first language which could complicate marketing communication to these groups (Statistics South Africa, 2010). It should also be noted that these consumers mostly reside in informal settlements or townships. Housing structures include rural huts, generally home-made from mud or clay, shacks such as commonly found in urban squatter camps, reconstruction and development programme (RDP) houses in established urban areas, and residential houses (SAARF, 2010; Statistics South Africa, 2010). Similar to consumers in higher LSM groups, consumers in lower LSM groups also purchase their groceries from cash-and-carry wholesalers (that is, Metro and Makro) and retailers (that is, Pick ‘n Pay, Spar and Checkers). However, in addition to these reseller formats, it is also expected that consumers would support local spaza shops. These informal businesses, located in informal settlements, stock mainly convenience products such as milk and soap (Cant et al., 2007).

Although the lower LSM group could present a sizable market, marketers could face challenges using traditional marketing mediums to communicate with these consumers. The low sophistication level of these consumers necessitate marketers of basic fast moving consumer goods, such as pasteurised milk, to investigate alternative communication mediums and marketing strategies to create consumer brand preference.

Pasteurised milk

Milk and other dairy based products feature in the consumption behaviour of almost every South African consumer and is described by Bylund (2003) as one of the essential food components for man. According to Coetzee, cited in Van Wyk et al. (2002), milk is highly favoured in all Southern African cultures and contains a variety of nutritional benefits for the consumer.

Pasteurised milk products are defined as liquid products made from milk and cream to be used directly by consumers. These products include full-cream, low-fat and fat-free milk and varieties of cream. The shelf life of pasteurised milk is dependent on the quality of the raw milk used and if of sufficient high quality should last between eight to 10 days at temperatures between five and seven degrees celsius (Bylund, 2003). The total of milk to market in South Africa during 2009 was estimated at 2.50 billion litres, of which 52% was sold as pasteurised milk (Lacto Data, 2010). In revenue terms, the South African market for pasteurised milk is valued at about 403 million euros and has been growing at an average rate of 4% (Parmalat, 2010). Pasteurised milk is classified as a fast-moving consumer good (FMCG) market product. In line with other FMCG products, pasteurised milk is considered as a low-involvement product that does not offer obvious differing characteristics or

information differences between the products (Silayoi and Speece, 2004). Customers are spoilt for choice when buying pasteurised milk, with more than 250 dairy processors in South Africa supplying this product (Makgetla, 2007). With limited product differentiation, pasteurised milk products compete in two main areas, namely price and brand.

Price differentiation, on its own, is however not a viable strategy in the South African retail sector. Although input cost and raw materials in pasteurised milk production are often comparable across all processors, well-established nationally distributed brands command, in most cases, a premium for their pasteurised milk. Not only can these processors optimise the economies of scale principle but they also have greater negotiating power with both suppliers and retail and wholesale traders, and leverage on this for premium pricing. Regional and lesser-known local brands on the other hand have to negotiate with these same retailers and wholesalers and inevitably receive lower pricing levels. This anti-competitive behaviour has been under the spotlight with ongoing investigations by the Competition Commission. The Competition Commission allege that Clover Industries, Clover SA, Parmalat, Ladismith Cheese, Woodlands Dairy, Lancewood, Nestlé SA and Milkwood Dairy were engaging in prohibited practices in contravention of the Competition Act (Mail and Guardian Online, 2009). This article considers how the regional processors could employ branding and packaging principles to gain market share; the focus is therefore, not on national dairy processors.

The importance of branding and packaging design

Consumers' intentions to purchase depend on the degree to which they expect the product to satisfy their expectations about its use (Silayoi and Speece, 2007). In the case of pasteurised milk, comparative pricing and a lack of product differentiation leaves the consumer with very little to evaluate when making a purchase decision. Silayoi and Speece (2004) suggest that with little else to differentiate the products, branding and more specifically packaging become the "salesmen on the shelf". Indeed, packaging is a primary vehicle for communicating and branding of products to consumers and plays an important role in the branding strategy of FMCG products (Rettie and Brewer, 2000; Rundh, 2005).

Although, the basic function of packaging is to preserve product integrity by protecting the actual food product against potential damage from climatic, bacteriological and transit hazards (Wells et al., 2007), this role has been expanded. The package's overall features can, for example, largely influence quality judgements about the product characteristics and play a role in the formation of brand preferences (Silayoi and Speece, 2007). According to Underwood et al. (2001), the package becomes a symbol that communicates favourable or unfavourable

meaning about the product and in many instances, consumers are more likely to spontaneously imagine aspects of how a product looks, tastes, feels, smells or sounds while viewing product pictures on the package. Packaging is furthermore considered to be the most immediate stimulus, at the point of sale, for shoppers. As such, the visual elements of packaging design influence consumers' decisions and choices. In addition, packaging can attract consumers' attention, transform the message of the product, impress consumers with the image of the product, and distinguish one product from another (Wang and Chou, 2010). In the competitive world of food retailing, packaging is used by marketers to get their products to stand out among the visual congestion of competitive products (Wells et al., 2007).

In most cases, "pack designs" are more likely to influence the consumer's perception of the brand than advertising (Hofmeyr and Rice, 2000). Although advertising can be a highly effective means of communication for those consumers who are exposed to it, reaching the entire target market for most products is generally not a feasible prospect (Hill and Tilley, 2002). This is also true for regional dairy processors as they often cannot afford the cost of advertising and therefore, need to adopt more innovative means of reaching their target market. Packaging can offer such a means as it can create a truly unique marketing tool to provide consumers with the right cues and clues - both at the point of purchase and during usage. At the point of purchase, packaging could be used to obtain consumers' attention, communicate the benefits of the offer, stimulate brand impressions and provide various brand cues such as value and quality (Löfgren, 2005). Packaging also continues to build brand value during the extended usage of the product which can drive brand equity and loyalty (Rundh, 2005). After purchase, packaging plays both a functional and marketing role. Pasteurised milk is, for example, most commonly sold in two-litre high density polyethylene (HDPE) containers. These plastic containers can withstand both cold and heat and have good chemical resistance, so empty containers are often reused to store other solvents (American Chemistry Council, 2007). These containers are therefore very useful from a functional perspective. From a marketing perspective, packaging can communicate and reinforce brand values (Löfgren, 2005).

Despite the importance of packaging, there is limited research available in the field of packaging design (Rundh, 2005; Silayoi and Speece, 2007). With the exception of some South African examples to illustrate South African packaging cases presented in the work of Hofmeyr and Rice (2000), an extensive literature review produced limited references to the effect of packaging on consumer choices for consumers in lower LSM groups. As a result, this article considers the role of both brand awareness and packaging to gain a better understanding of consumer choice preferences for pasteurised milk by consumers sharing a LSM classification of one to four.

Brand awareness

Consumer choice is affected by the degree of familiarity the consumer has with the brand (Underwood et al., 2001). According to Oeusoonthornwattana and Shanks (2010), “we tend to like what we know”. Consumers are therefore more likely to choose recognised brands over unfamiliar brands regardless of any other relevant information available. Recognition is thus, according to these authors, a powerful driver of preference. Awareness is, however, not enough to understand consumer choice. According to Das et al. (2009), to adequately understand consumer choice, it is required to understand a consumer’s familiarity with brands. The more involved a consumer is with the brand, the higher the degree of familiarity and the higher the resulting probability of choice. It is thus important to understand the role of brand awareness and familiarity when consumer choice is investigated. It should however be noted that when consumers are less familiar with brands, it is likely that they would evaluate the packaging for these products more closely than they would a more familiar brand.

Packaging elements

According to Silayoi and Speece (2007), literature indicates that there are four main packaging elements potentially affecting consumer purchase decisions. They can be separated into two categories namely informational (product information and information about the technologies used in the package) and visual elements (graphics and size/shape). Wang and Chou (2010) concur with these findings but further refine the categories to include aesthetic and functional design elements:

- i. Aesthetic design elements: This category includes shape (form), colour, illustration (lines, symbols, graphics, patterns and pictures), logo and brand, typography (company name, product name). This category also contains information elements (that is, brand name and address, product facts and usage, ingredients and volume).
- ii. Functional design elements: This category includes structure design (protection, storage, transportation, opening and resealing functions), material design (emotional appeal and window presence value) and volume design (economic function).

Although consumers could use the written information on the package to evaluate product characteristics, acquisition of low-involvement products is often done without careful inspection of brand and product information (Silayoi and Speece, 2004). Given the level of consumer sophistication in consumers represented in LSM groups one to four and standard technology employed in the packaging material of pasteurised milk, the information elements of packaging in this research setting carry

relatively low value and were therefore not considered in the research design. Functional design also falls outside the scope of this article given the generic nature of packaging material for pasteurised milk. The focus of this review is rather on the visual elements of packaging design consisting of three key areas namely, use of graphics, use of colour and the packaging design and shape.

The significance of graphics is explained by the images created on the package, whether these images are purposely developed by the marketer or unintended and unanticipated. Graphics include image layout, colour combinations, typography and product photography (Silayoi and Speece, 2004). This article focuses specifically on images and colour as both of these elements play an important role in packaging considerations for low-involvement products (Silayoi and Speece, 2004, 2007). These design elements are also considered important in cognitive preference, decision making and coping strategies of low-literate consumers (Adkins and Ozanne, 2005; Gau and Viswanatha, 2008). Images are important, since they may serve as a diagnostic piece of information in some product purchase situations. This is especially true if little variance exists in the price and perceived quality among brands such as in the case of pasteurised milk. In such cases the picture becomes an information input that consumers can use to compare and differentiate among brands (Underwood et al., 2001).

Colour selection is also one of the components of packaging and brand design that further enhances visual stimuli. It has been identified as an important tool to create and sustain brand and corporate images in consumers’ minds. Colours are important image cues and can become strongly associated with different brands (Madden et al., 2000). In the pasteurised milk market, colour plays an important role in product identification. Based on the three main product groups, full-cream, low-fat and fat-free milk, colour is used to differentiate these groups and make the packaging more identifiable to the consumer. It is accepted by the market for pasteurised milk that a blue bottle cap and/or blue band on packaging design communicate the full-cream variant to the consumer. Red is the accepted colour for low-fat milk and green is the accepted colour for fat-free or skim milk. Not all suppliers conform to these colour choices but it is accepted that the majority does. The simple use of this colour coding improves the logistics of milk handling and reduces confusion for the consumer and retailers (BMI, 2010).

Finally, Silayoi and Speece (2004) found that packaging shape and size have an impact on a consumer’s purchasing decision. It was identified that consumers are attracted to a product that is convenient to use and carry. It was further highlighted that a bigger package size is more noticeable and could potentially suggest better value to consumers. Packaging shape can enhance the aesthetic appeal of a product. The scope of this article

does, however, not allow a detailed overview or investigation of different shapes and sizes; rather, this article investigates consumer preferences and perceptions linked to the two most prominent aesthetic elements of milk containers, namely type of bottle and label. In terms of bottle type, the focus is on the container most frequently bought by consumers within the LSM one to four categories, that is, two-litre HDPE containers (BMI, 2010). In the market, there are currently two variants of HDPE bottles used as packaging mediums for pasteurised milk - unpigmented bottles that are translucent and white pigmented bottles (American Chemistry Council, 2007). The use of the white pigmented bottle is an emerging trend in the packaging of milk. This packaging medium is not only used to differentiate the product, but it is also used to position milk as being of higher quality which could justify a price premium through its "cleaner" white appearance. In general, it is believed that the white bottle is more aesthetically pleasing than its clear counterpart. Consumers' preferences and perceptions about these different types of bottles were considered in the research design.

The label design used on the two-litre HDPE bottles is another possible area where dairies can differentiate their products from the competition. The standard options for labels include wraparound and adhesive labels. Wraparound labels are applied in a sleeve format around the bottle covering a portion of the four panes, whereas an adhesive label is limited to the front panel. As such, a wraparound label provides a greater surface area for colour image(s) and brand, compared to the adhesive option. The sticker label has a cost advantage over the wraparound label because less material is used in its manufacture. A final point on wraparound labels is that they are manufactured, in most instances, from plastic film and have a high gloss finish. While adhesive labels are manufactured from paper, they too can have a high gloss finish, but the overall effect is not as aesthetically pleasing as that achieved on the plastic wraparound (Kirwan, 2005).

Problem investigated

Low levels of income, literacy and language barriers within the lower LSM categories can potentially limit the effectiveness of traditional advertising to create brand awareness and choice preference. Traditional marketing strategies, such as brand differentiation, also seem to be inadequate when dealing with low-involvement FMCG products such as pasteurised milk. Marketers therefore need to consider alternative strategies to capture the attention and loyalty of consumers in the LSM one to four groups. While literature advocates that the packaging design is a major factor when selling products with little product differentiation, consumers from lower LSM categories would still consider pricing as a purchasing criterion. Lower levels of income limit these consumers

from basing their purchase decision on brand elements alone. Pricing could thus potentially be a primary consideration or a qualifying dimension. As such, the following proposition was formulated:

P₁: Consumers in lower LSM categories consider affordability (price of a product) as a prerequisite condition that needs to be satisfied before brand, including packaging design and brand awareness, is considered.

Once the qualifying dimension has been met, consumers will be in the position to consider brand and packaging design elements. This sets the basis for proposition two:

P₂: Consumers in lower LSM categories consider brand awareness and visual stimuli as the most important elements of brand and packaging design in choice preference when making the purchase decision.

MATERIALS AND METHODS

The research strategy comprises two phases following a mixed method design approach. This approach includes the use of qualitative and quantitative methods to obtain data and information that can provide insight into the propositions posed (Malhotra and Birks, 2007). The mixed method design approach is thought to produce descriptively rich and quantitatively meaningful data (Lee, 1999).

Phase one involved obtaining an understanding of the application of branding and packaging design principles in respect of pasteurised milk. This phase included qualitative procedures in the form of interviews and test samples to assist in establishing the relevant data to be collected. This phase comprised two stages. Firstly, 12 two-litre bottles of milk available to the general consumer in the Gauteng region were obtained. The input of two industry experts was obtained to identify the various components (branding and pricing) as well as design elements that would influence consumer choices. Key elements identified included:

- i. The packaging medium – the actual bottle being used (that is, clear versus white pigmented)
- ii. The label type – the adhesive label versus a sleeve or wrap-around label
- iii. The label design in respect of two components (that is, use of colour and use of images - illustrations versus photographic quality images)
- iv. Price sensitivity of consumers

Next, nine respondents fitting the sample profile, discussed subsequently, were interviewed. Respondents were shown eight of the original 12 two-litre bottles (four were excluded on the basis that they were leading national brands). Respondents were asked to make a choice of a bottle they would purchase and to list the reasons for their choice. The comparison between the key elements identified in stage one and two, in the phase, was considered against the literature review in order to create a formal set of questions to use in a survey approach.

Phase two involved data collection by means of a survey. A discussion of this phase includes the sample selection, data collection approach and the measurement instrument used.

Sample selection and description

A non-probability method for selecting the sample for the survey

was obtained through convenience sampling (Malhotra and Birks, 2007). Respondents were selected from four local residential areas (townships) in the East Rand of Johannesburg: Zonkizizwe, Magagula Heights, Khanana and Tamboekiesfontein. These areas were chosen on the basis that they fitted the socioeconomic context (LSM one to four) of the research setting.

Of the communities chosen, the Magagula Heights community have municipal electricity and water connections and each property stand has a flushing toilet in the form of an "outhouse" or separate building on the premises. The community in Khanana have municipal electricity connections but no municipal water. In both these communities, residents are responsible for erecting their own housing which in the majority of instances, takes the form of shacks. Tamboekiesfontein has no connection to municipal electricity or water and residents live in rural huts and shacks. The township of Zonkizizwe has complete infrastructure including water, electricity, sewage and roads. RDP housing projects have been undertaken in this area with shacks still a common form of housing.

Given the possible cultural and language barriers, a facilitator and research assistant were appointed to assist with the sample selection and to conduct the survey. The facilitator appointed was a social worker in the local communities, with research experience. Both the facilitator and assistant were proficient in several local languages and familiar with the geographic surroundings. The facilitator and assistant extended written invitations to partake in the survey to random community members in the selected areas over a five-day period. Respondents were screened in order to obtain a population sample that would provide meaningful input to the study. The two parameters applied was that respondents had to be responsible for buying the groceries for the household and be 18 years or older.

The sample population was made up of 103 respondents who completed more than 75% of the survey. The majority of respondents (75%) were female. The high incidence of female representation may be explained by the traditional role of females being responsible for purchasing groceries. In terms of literacy, 16% of respondents had completed no formal schooling with 41% having formal schooling up to a maximum of grade nine. 39% of respondents had attained formal education from Grade 10 to 12 and only 4% had a post-Grade 12 (standard 10) qualification. Household income (the collective income of the members that resided together at a location) did not exceed R 2, 500. Most of the respondents (82%) fell into the R 0 to 1, 100 categories and a further 12% into the R1 101-R1 900 category. Only 6% of respondents fell into the R 1, 901 to 2, 500 categories. Respondents resided in rural huts (17%), shacks (75%), RDP houses (7%) and residential houses (1%). Table 1 summarises the access respondents have to other living standard measures.

Ownership of living standard measures provides marketers with unique insight into the profile of consumers. Ownership of a radio, television set and telephone can, for example, create mechanisms for creating brand awareness. A refrigerator plays a particularly important role in the marketing of pasteurised milk considering the perishable nature of the product and a motor vehicle is considered important in terms of transport for grocery shopping. A detailed discussion on LSM marketing implications falls outside the scope of this article but it suffices to recognise that the sample profile discussed earlier confirms that respondents surveyed fit the consumer LSM category one to four.

Data collection and measurement instrument

Data were collected using a questionnaire consisting of 39 questions divided into six sections. Section one made provision for collecting data in respect of life style measure categories (Haupt, 2006) as well as purchasing location preferences. Questions in sections two through six were designed to collect data in respect of

purchase habits and purchasing considerations of the respondents. This included an evaluation of package attributes of pasteurised milk bottles including packaging medium (bottle type), label type, image, colour and brand. The questions were predominantly dichotomy scale formats (with yes/no scales) and determinant choice scales where respondents could choose one of several options provided for in a question (Saunders et al., 2007). Terminology used in the questionnaire was kept at a basic level of English to minimise possible confusion and lack of understanding by the respondents who were presumed not to have English as their first language.

An electronic presentation was designed using Microsoft PowerPoint and each question presented in the questionnaire was supported by a corresponding presentation slide. Visual stimuli by means of pictures and graphics were used to overcome potential problems of language and illiteracy of the respondents. The questionnaire was subsequently pre-tested with five respondents to check for possible problems with statement clarity and respondent understanding of how to complete the task. Pilot testing highlighted that despite the use of high resolution images of the sample of milk bottles selected displayed in the presentation there was a need to increase the visual stimuli by incorporating the use of the actual physical milk bottles. It was therefore decided to present respondents with a sample of two-litre milk bottles displayed in an in-store simulation. A total of ten bottles were presented representing regional brands.

RESULTS AND DISCUSSION

The results of the survey and a discussion on respondents' preferred purchase location and the choice of milk in a buying scenario is presented here. The importance of the packaging medium, labels, images, colours and brand on consumer choice is also reviewed.

Preferred purchase location

In order to determine preferred purchase locations, respondents were asked where they bought the bulk of their groceries. In response, respondents indicated that they bought most of their groceries from spaza shops (40%), cash-and-carry wholesalers (24%) and supermarkets (33%). Methods of transport used by respondents to reach purchase locations included walking (31%), by taxi (64%), driving with a friend (2%) and using their own car (1%). To obtain more meaningful insights, Table 2 presents a cross-tabulation of methods of transport used to arrive at the various types of purchase locations.

Walking was identified as the preferred means of transport for 31 respondents who mostly bought groceries at a spaza shop; respondents who bought from cash-and-carry wholesalers and supermarkets mostly travelled by taxi.

Choice of milk in a buying scenario

In order to access choice preference, respondents were presented with a sample of ten two-litre milk bottles that were displayed in an in-store simulation. Each brand was

Table 1. Access to living standard measures.

Access to living standard measures	{Yes (%)}	{No (%)}
Running water	56 (54)	38 (40)
Running hot water	4 (4)	82 (80)
Flushing toilet	56 (54)	37 (36)
Radio/Hi-Fi in household	60 (58)	38 (37)
Television set in household	55 (53)	41(40)
Telephone in household	57 (55)	40 (39)
Refrigerator in household	41 (40)	53 (56)
Motor vehicle owned by household	10 (10)	78 (76)

Table 2. Means of transport to grocery shopping location.

Means of transport	Grocery shopping location			
	Spaza shop (%)	Cash and carry (%)	Supermarket (%)	Total (%)
Walk	31	0	0	31
Catch a taxi	7	25	32	64
Drive with a friend	1	0	1	2
Use my own car	0	0	1	1
Total	39	25	34	98

allocated a price with two brands selected as “cheap” brands and three brands were allocated with price premiums based on the packaging elements used, that are two white pigmented bottles and three bottles with wrap-around labels. The remaining five brands were allocated the same price, lower than the premium but higher than the “cheap” versions. Respondents were presented with a scenario in which their supply of fresh milk at home was depleted and they had R 15 available to purchase milk. The ten brands in the sample were provided as the products the respondents could choose from. Once the purchase decision had been made, respondents were asked to select from a pre-defined list of the options as to the reason they selected a particular bottle. Table 3 summarises the choices made by respondents as well as the reasons offered for buying the specific brand.

Table 3 reveals that 39.2% of respondents selected a bottle based on the price; 32.4% of respondents made their selection based on the brand name of the product, while the remaining options had lower selection rates with the highest being 12.7% for selecting a bottle based on the label picture.

Packaging medium

Although, the literature review found that packaging size and shape can impact consumer purchase decisions this study stayed true to market conditions where most consumers of pasteurised milk purchase standard two-litre containers. The use of pigmented bottles versus clear bottles was however investigated. As milk is a

natural white colour liquid, the difference in appearance between a clear and white HDPE bottle is minimal. The only exception is a small gap between the liquid level of a full bottle and the bottle cap.

In order to determine if the respondents were able to distinguish between these bottle types, respondents were asked to identify the “white” bottle. The ten two-litre bottle sample included two white pigmented bottles which were correctly identified by respectively 79 and 77% of the respondents. Next, the respondents’ choice preference was tested between the two bottle types. To test preference, respondents were shown two empty, unlabelled and uncapped bottles, one being clear and the other the white pigmented alternative. The appearance was thus significantly different between the bottles and respondents were asked to select the bottle they preferred. The white bottle was preferred by 57% of the respondents with the remaining 43% preferring the clear bottle.

The next set of questions dealt with the practicality of the two alternative bottles. In this scenario the bottles were filled and other packaging elements were also present. Contradicting the previous finding, the majority of respondents (82.2%) now indicated that it is important to be able to see the milk in the bottle. Respondents substantiated their choice by indicating that the white pigmented bottle takes away their ability to see the milk contained in the bottle. This was, according to the respondents, an important feature as the ability to see the milk in a clear bottle allowed the consumer to assess whether the bottle actually contains the said amount of milk. Furthermore, it allows the consumer to identify milk that may be blatantly defective, since fresh milk will

Table 3. Brand selection.

Brand	Milk choice substantiation						Total
	I know and trust the brand	I like the label picture	I like the label colours	I like the type of bottle	The price was right for me	I just like the whole bottle	
A	1	0	0	0	6	3	10
B (premium)	15	5	0	0	5	1	26
C	1	1	0	1	4	1	8
D (cheap)	5	0	0	1	7	1	14
E (premium)	3	1	0	1	4	0	9
F	1	0	0	0	1	1	3
G	1	1	1	0	1	0	4
H	1	1	1	0	0	0	3
I	0	2	0	0	2	0	4
J (cheap)	4	0	1	0	8	2	15
Total	32	11	3	3	38	9	96

will show signs of separation as it deteriorates beyond its expected quality levels and provides a visual signal to consumers. Most respondents (65.7%) did however agree that the white pigmented bottle has an improved quality appearance and 63.1% of the respondents indicated that they would be willing to pay a price premium for these bottles if the brand was trustworthy.

Finally, respondents were asked about their habitual use of the milk containers once they were empty. Results confirmed that many respondents (67%) retain the empty containers and use them to store non-milk liquids.

Labels

The label design used on the two-litre HDPE bottles is a possible area where dairies can differentiate their products from the competition. This section of the questionnaire was designed and used to extract information related to the preferences for the type of labels used, for example

a wraparound label versus an adhesive label. Three bottles contained in the sample of ten two-litre bottles had wraparound labels and the seven remaining bottles had adhesive labels. In order to determine whether respondents could distinguish between these labels, respondents were asked to identify the bottles that made use of the wraparound labels. Two of the three bottles were correctly identified by respectively 87 and 82% of respondents. By comparison, only 68% successfully identified the third bottle. This lower percentage could possibly be explained by the fact that the label was predominantly white and thus not as easily distinguishable against the bottle. On the other hand, 61% of respondents identified a bottle that made use of an adhesive label incorrectly as a bottle with a wraparound label. This brand makes use of an adhesive label that is horizontally longer than the normal sticker labels. The larger label covers not only the front panel but also extends to a section of each side panel. In the simulation setting, it is not clear that the bottle does not use a wraparound label as the consumer

would normally only be able to see the front panels of the bottles. The majority of respondents (75.7%) indicated that they preferred the wraparound label over the adhesive alternative. In terms of the design, most respondents (81.6%) indicated that they first noticed the picture. Respondents (68%) also indicated that wraparound labels increased their quality perception of the milk in the bottle and 62.1% of respondents indicated that they would be willing to pay a price premium for these bottles.

Images and colour

Images and colour are used on the packaging and are incorporated on the label of bottles. With pasteurised milk, various colours and images are used on labels with most incorporating images of cows and dairy farm scenery. In this section, respondents were surveyed on the importance of label pictures, the image of a cow as a visual stimulus and their preferences in terms of the image

Table 4. Brand perceptions.

Brand perceptions	{Yes (%)}	{No (%)}
Is the name of the milk important to you when you buy milk?	74.8	25.2
Do you stick with a name you trust?	63.7	36.3
If you could not find your usual name milk, do you look for another familiar name?	61.2	38.6
If no familiar name is available, will you buy an unfamiliar name?	52.0	48.0
Would you pay more for a name that you know?	65.7	34.3
Is price more important to you than the name of the milk?	73.8	26.2
Would you travel further to buy a name that you know?	28.2	71.8
Is a well-known name a sign of good quality milk?	89.1	10.1

type. Respondents were also asked whether they considered pictures to be more important than colour and if they considered colour as important when evaluating different brands

Results from this section indicate that 74.8% of respondents considered a label picture to be an important factor when considering an unfamiliar milk brand, while 91.3% of respondents confirmed the importance of the use of an image of a cow to indicate that the bottle contained milk. Most respondents preferred photographic images (54.9%), followed by realistic drawings (38.2%) and only 6.9% of respondents preferred cartoon drawings. It is interesting to note that 81.6% of respondents considered pictures on the labels to be more important than colour. Furthermore, 59.8% of respondents did not consider colour as important when considering an unfamiliar brand.

Brand

The next section of the questionnaire dealt with the role the brand plays in the choice preference of the consumer. Results from eight questions that dealt with branding are summarised in Table 4. Findings presented in Table 4 indicate that respondents considered the brand as an important purchase consideration. The second question dealt with brand loyalty and results revealed that 63.7% of respondents confirmed that they will continue to buy a brand that they know and trust. Respondents' awareness of brands in the pasteurised milk market was surveyed by asking respondents if they would look for another familiar brand of milk if the brand they normally buy is not available. Results from this question revealed that 61.2% of respondents would. Habitual loyalty of the consumer can therefore be lost if their familiar brand is not available at the point of purchase or if the brand fails to deliver to consumer expectations. Respondents were also surveyed as to their willingness to select an unfamiliar brand name should there be no option familiar to them. Only 52% of respondents indicated that they would be willing to purchase an unfamiliar brand name.

In terms of price, respondents (65.7%) indicated that they would be willing to pay a premium price for familiar

brands but most respondents (73.8%) still considered price to be more important than the brand. Only 28.2% of respondents were willing to travel further to purchase milk that they were familiar with, but most respondents (89.1%) agreed that a well-known brand was a signal of a high level of quality for the product.

CONCLUSION

In attempting to obtain an understanding of the effect of branding and packaging design on choice preferences and purchase decisions of consumers in LSM categories one to four, this study found support for the propositions.

The first proposition investigated in this article proposed that consumers in lower LSM categories consider affordability (price of a product) as a prerequisite condition that needs to be satisfied before brand, including packaging design and brand awareness, is considered. Results from the survey support this proposition and indicate that respondents consider price to be the most important consideration when purchasing pasteurised milk. Indeed, 39.2% of respondents considered price to be the primary consideration in product selection, followed by brand (32.4% of respondents) and image (12.7% of respondents). In addition, 73.8% of respondents surveyed indicated price to be of greater importance than brand.

The second proposition proposed that consumers in lower LSM categories consider brand awareness and visual stimuli as the most important elements of brand and packaging design in choice preference when making the purchase decision. This proposition was also supported by the survey results. Respondents in lower LSM categories have limited income and can therefore not afford to be disappointed by a product failure such as poor quality milk that expires prematurely or has been altered by a processor to exploit consumers. As such, consumers placed a strong attachment to the quality of the product in association with the brand name. Indeed, 74.8% of respondents surveyed indicated that the brand name was an important factor when purchasing milk. While respondents appeared to be willing to switch between familiar brands, they were less receptive to the

idea of switching to an unfamiliar brand. This supports the fact that milk is considered to be a commodity and that consumers would not travel further to buy a familiar brand. Thus brands that fail to penetrate market areas and consistently maintain their availability may suffer the loss of consumers to rival brands. Convenience of access to milk is an important consideration.

In terms of visual stimuli, the results from this survey concur with Underwood et al. (2001), who found support for use of pictures on packaging to gain attention for a brand in a store. The findings of the survey support this notion as 74.8% of respondents indicated the use of a picture on the label to be important. As a matter of fact, 82.4% of respondents indicated that they noticed the image used in the packaging design before noticing the label. The high preference displayed by the respondents (91.3%) for the inclusion of an image of a cow on the label supports earlier research findings that emphasised the use of imagery on the packaging and brand design to overcome illiteracy, language and dialect. Although literature advocates the importance of both image and colour, the results suggested that an image may be a primary visual cue and that colour appears to play a secondary role which possibly serves to enhance the image on the pack. The type of image used also played an important role. The results obtained found evidence to support that a photographic type image would be preferred, closely followed by realistic drawings.

It was also found that the quality perception of a product can be enhanced by the use of aesthetically pleasing packaging and design elements such as the white pigmented bottle and wraparound labels. Although consumers are willing to pay a premium for these aesthetically packaging elements it is believed that this willingness extends from consumers' aspirations rather than consumers' actual ability to afford the premium commanding elements. It is therefore concluded that until consumers in the LSM one to four category mobilise and move up to higher LSM categories, the marketing strategy that provides the best mix of price and brand will ultimately succeed. Consumers in this target market appreciate packaging design elements but are unable to pay premiums for more expensive packaging.

LIMITATIONS OF THE STUDY AND FURTHER RESEARCH

Given the limited literature available on choice preferences displayed by consumers in the lower LSM groups, this study employed a descriptive design. As a result, this study only considered the perceptions and preferences of consumers about a single product in a limited geographical area. It would be beneficial to replicate this study in other geographical areas and for other types of products to further understand buying behaviour of consumers in low LSM groups. The scope of

the study could also be extended to consider more packaging design elements such as information on labels and different product shapes and sizes.

REFERENCES

- Adkins N, Ozanne J (2005). The low literate consumer. *J. Consum. Res.* 32(1): 93-105.
- American Chemistry Council (2007). Plastic packaging resins. Arlington, VA: American Chemistry Council, Plastic Division.
- BMI (2010). Packaging of white milk in South Africa. Johannesburg: BMI Research.
- Bylund G (2003). Tetra Pak dairy processing handbook. Lund, Sweden: Tetra Pak Processing Systems AB.
- Cant MC, Strydom JW, Jooste CJ, Du Plessis PJ (2007). *Marketing Management*. 5th ed., Cape Town: Juta & Co. Ltd.
- Das S, Stenger C, Ellis CH (2009). Managing tomorrow's brands: moving from measurement towards and integrated system of brand equity. *J. Brand. Manage.*, 17: 26-38.
- Eighty20 (2009). Re-visiting the bottom of the South African pyramid. Presentation at the Old Mutual Business School, 5 May 2009.
- Gau R, Viswanatha M (2008). The retail shopping experience: experience of low-literate consumers. *J. Res. Consum.*, 15: 1-8.
- Haupt P (2006). The SAARF Universal Living Standard Measure (SU-LSM): 12 years of continuous development. South African Advertising Research Foundation. <http://www.saarf.co.za>. (accessed Jan 15, 2009).
- Hill H, Tilley J (2002). Packaging of children's cereal: manufacturers versus children. *Br. Fd. J.*, 104(9): 766-777.
- Hofmeyr J, Rice B (2000). *Commitment-led Marketing: The Key to Brand Profits is in the Customer's Mind*. West Sussex: John Wiley & Sons Ltd.
- Huchzermeyer M, Karam A (2006). *Informal Settlements: A Perceptual Challenge?* Cape Town: UCT Press.
- Kirwan MJ (2005). *Paper and Paperboard Packaging Technology*. Oxford: Blackwell Publishing Ltd.
- Knowledge Resources (2011). Marketing to low-income consumers. Bizcommunity. <https://www.bizcommunity.co.za/Article/196/423/57760.html> (accessed Mar 16, 2011).
- Lacto Data (2010). Statistics: A Milk SA publication compiled by the Milk Producers' Organisation. *Lacto Data*, 13(1): 1-15.
- Lee TW (1999). *Using Qualitative Methods in Organizational Research*. Thousand Oaks: Sage.
- Löfgren M (2005). Winning at the first and second moment of truth: an exploratory study. *Manage. Serv. Qual.*, 15(1):102-115.
- Madden TJ, Hewett K, Ross MS (2000). Managing images in different cultures: a cross-national study of color meanings and preferences. *J. Int. Mark.*, 8(4): 90-107.
- Mail & Guardian Online (2009). Competition Commission to continue dairy probe. Mail & Guardian Online. <http://www.mg.co.za/article/2009-08-26-competition-commission-to-continue-dairy-probe> (accessed Sep 2, 2010).
- Makgetla T (2007). Milking the consumer. Mail & Guardian Online. <http://www.mg.co.za/article/2007-05-04-milking-the-consumer> (accessed Jan 15, 2009).
- Malhotra NK, Birks DF (2007). *Marketing Research: An Applied Approach*, 3rd European ed. England: FT Prentice Hall.
- Martins JH (2006). Household cash expenditure by living standards measure group. *J. Fam. Eco. Consum. Sci.*, 34(2006): 1-9.
- Oeusoonthornwattana O, Shanks DR (2010). I like what I know: is recognition a non-compensatory determiner of consumer choice? *Judg. Decis. Mak.*, 5(4): 310-325.
- Parmalat (2010). Parmalat in the world: South Africa. http://www.parmalat.com/en/about_us/parmalat_group/world/south_africa (accessed Nov 25, 2010).
- Prahalad CK (2010). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*. 5th ed. New Jersey: Pearson Education.
- Rettie R, Brewer C (2000). The verbal and visual components of

- package design. *J. Prod. Brand. Manage.*, 9(1): 56-70.
- Rundh B (2005). The multi-faceted dimension of packaging. *Br. Fd. J.*, 107(9): 670-684.
- SAARF (2010). LSM presentation. <http://www.saarf.co.za>. (accessed Nov 15, 2010)
- Saunders M, Lewis P, Thornhill A (2007). *Research Methods for Business Students*. 4th ed. England: Financial Times Prentice-Hall.
- Schönfeldt HC, Gibson N, Vermeulen H (2010). The possible impact of inflation on nutritionally vulnerable households in a developing country using South Africa as a case study. *Nutr. Bull.*, 35(3): 254-267.
- Silayoi P, Speece M (2004). Packaging and purchase decisions. *Br. Fd. J.*, 106(8): 607-628.
- Silayoi P, Speece M (2007). The importance of packaging attributes: a conjoint analysis approach. *Eur. J. Mark.*, 41(11/12): 1495-1517.
- Statistics South Africa (2010). General household survey 2009. Stat. Release, p. 318.
- Underwood RL, Klein NM, Burke RR (2001). Packaging communication: attentional effects of product imagery. *J. Prod. Brand Manage.*, 10(7): 403-404.
- Van Wyk J, Britz TJ, Myburgh AS (2002). Arguments supporting kefir marketing to the low-income urban African population in South Africa. *Agrek*, 41(1): 43-62.
- Wang RWY, Chou M (2010). The comprehensive modes of visual elements: how people know about the contents by product packaging. *Int. J. Bus. Res. Manage.*, 1(1): 1-13.
- Wells LE, Farley H, Armstrong GA (2007). The importance of packaging design for own-label food brands. *Int. J. Ret. Distr. Manage.*, 35(9): 677-690.