



RESEARCH ARTICLE

EFFECT OF REPACKAGING ON SALES VOLUME OF COMPANIES: A CASE OF CADBURY NIGERIA PLC AND NESTLE NIGERIA PLC

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ABSTRACT

The package which is often seen as the “silent Salesman” plays a vital role in the marketing of a product. Packaging refers to all activities in the product planning that involves designing and producing the container or wrapper that holds the product. This study critically examined the effect of repackaging on sales volume/turnover of some selected food and confectionary companies in Nigeria. A two-stage purposive sampling technique was used in the selection of the sample size for the study. Published reports of selected firms and oral interview were the major sources of data. Data collected were analyzed using inferential statistics (correlation and, t-test). It was discovered in the course of this study that there was negative (inverse) relationship at 10% level of significance in the sales volume/turnover of the two companies (Cadbury Nigeria Plc and Nestle Nigeria Plc) between their pre and post packaging periods. This shows that the repackaging of products done contributed to the increase witnessed in the company’s turnover. Therefore it can be said that repackaging of products leads to an increase in a company’s turnover. Based on the findings of this study, we recommend that companies should from time to time so as to disband the counterfeit companies that produce their products in unsolicited ways. Companies should follow the trend of technological improvement and innovations in carrying out their repackaging activities. Equally, it is recommended that product repackaging should be considered as companies thrust or major policy issue that should be reviewed in tune with the detects of the changing marketing environment from time to time.

INTRODUCTION

The fate of a business organization operating in a market environment is ruled by its customers. If customers value the goods and services more than their costs of production, the business thrives, otherwise it needs external support or goes bust (Michael and Kostas, 2013). The packaging of a product is an important part of its branding process. It plays a role in communicating the image and identity of a company (Sajuyigbe 2013). Packaging refers to all activities in the product planning that involves designing and producing the container or wrapper that holds a product. Repackaging could be regarded as putting or modifying a product in a form from its original form to attract or appeal to more customers. Repackaging could also be referred to as a means of re-casing a product into a new package using boxes, bags and/or other types of containers and provides a brand new product to the market. The basic function of product repackaging is to modify an already existing pack of a product range which enhances continuous patronage and competitive edge above competitors (Stewart, 1995). Lewis (1991) explains that a good packaging is far more than a “salesman”; it is a flag of recognition and symbol of values. The original purpose of packaging is protection against risks such as damage while on transit, spoilage or expiration, decay and theft.

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Repackaged packs help to sell a product more, as they are made more attractive and appealing to consumers. The need for an organization to properly repackage its products for delivery to consumers in order to deliver a clear, consistent, credible and competitive offering has become a challenge for every result oriented firm (Nto, 2015). Business organizations are constantly seeking ways to enhance their performances in order to compete actively and aggressively in the market. Profit-oriented organizations have long recognized the importance of creating value in the products and services they offer to the customers, all in the common objective to deliver commercial goods efficiently in order to keep the current customer-base satisfied. The use of sales growth as a measure of firm’s performance is generally based on the belief that growth is a precursor to the attainment of sustainable competitive advantages and profitability (Abu-Aliqah, 2012). Organizational growth has been often associated with entrepreneurship (Chan *et al.*, 2012). Aremu and Lawal (2012) stated that while growth has been considered the most important measure in small firms, it has also been argued that financial performance is multidimensional in nature and that measures such as financial performance and growth are different aspects of performance that need to be considered.

PROBLEM STATEMENT

The constant cry by consumers for safe products that will not affect their health adversely or that of their families can only be assured through the repackaging of products.

This will ensure that fake and adulterated products are eliminated from the market. (Silayoi and Speece, 2007). There is problem of high cost of some beverages, which has made pertinent the role of repackaging towards making products in small packs and, sachets that are affordable to meet the requirements of different classes of consumers. Repackaging becomes necessary to address these issues. According to Barney (1991), companies are aware of the need to widen and extend the reach of the company’s products and services to new markets in order to increase its share and customers. Strategies, plans and techniques in the areas of operations, communication and marketing, sales, supply chain, logistics, research and development, performance measurements as well as social and corporate obligations and responsibility are continuously improved all for the benefit of the target market. Justin and Hansen (2003) pointed out that firm’s growth is not static in nature and there may be considerable variation in firm growth over time.

As such, the dynamic nature of growth is an area worthy of investigation. Furthermore, they stressed the various performance measures and suggested that if only one indicator had to be chosen as a measure of firm growth, then the preferred measure of growth should be sales. Sales figures are relatively easy to obtain and reflect both short term and long-term changes in the firm. Firms engage in the repackaging of their products in order to gain dominance in the market. This dominance is often shown by their increase in sales volume. Researches have for long focused on the profitability of firms without adequately looking at their sales volume. This necessitated the need for this study. This study therefore sought answer to the question: does repackaging have any effect on the sales volume of companies?

OBJECTIVE OF THE STUDY

The objective of the study was to examine the effect of repackaging on sales volume of food and confectionary companies in Nigeria: a case study of Cadbury and Nestle Nigeria Limited.

HYPOTHESIS

The hypothesis of the study was stated in null form.

H₀: Product re-packaging activities do not have significant effect on sales volume of companies

RESEARCH METHODOLOGY

The research area comprised of all food and confectionary companies in Nigeria. A two-stage purposive sampling technique was used in the selection of the sample size for the study. The first stage comprised of the selection of all food and confectionary industries enlisted on the floor of the Nigeria Stock Exchange who have their designated corporate Headquarters resident in Nigeria. The second stage involved the selection of two major contenders in the market: Cadbury Nigeria Plc and Nestle Nigeria Plc. The major source of data was from published reports of selected firms in the industry of study. Data was also collected by the use of oral interview to establish facts there were not clear. Data were analyzed using inferential statistics (correlation and, t-test).

Their formulas are below:

The Pearson correlation coefficient R mathematical model is represented in notation 1 given as:

$$r_{xy} = \frac{\sum(x - \bar{x})(y - \bar{y})}{nS_x \cdot S_y}$$

Where: X and Y are each values of variables as represented by X and Y.

\bar{X} and \bar{Y} are mean values of X and Y

S_x and S_y are standard deviation of X and Y and

n is the number of paired values.

The t-test statistics for Difference of mean is represented as notation 2 shown as:

$$t = \frac{(\bar{x}_1 - \bar{x}_2)}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

Where,

\bar{X}_1 = mean of the first set of values

\bar{X}_2 = mean of the second set of values

n₁ = sample size of the first set of values

n₂ = sample size of the second set of values

S₁² = variance (S₁²) or standard deviation (S₁) of the first set of values

S₂² = variance (S₂²) or standard deviation (S₂) of the second set of values.

RESULTS AND DISCUSSION

The analysis is billed at determining the relationship between product pre-repackaging and post-repackaging performance of companies in the food industry in Nigeria. The basis of assessment was their turn over. They are shown in tables below:

Turnover of Cadbury Nigerian plc and Nestle Nigerian plc

Table 1. Shows the Turnover of Cadbury plc and Nestle plc for operational periods before product repackaging

Year	1989	1990	1991	1992	1993
Firm					
Cadbury	337,012	458,381	719,098	1,165,964	1,938,329
Nestle	375,508	434,069	608,906	1,025,906	X

Source: Annual account of Cadbury Nigerian PLC and Nestle Nigerian PLC 1989-1993

Table 1 shows the Turnover of Cadbury Nigeria PLC and Nestle Nigeria PLC for operational periods before product repackaging. The results clearly indicate that Cadbury Nigeria PLC had the highest turnover for the operational periods before the product repackaging.

Table 2 shows the turnover of Cadbury and Nestle for the post product Re-packaging period

Year	2007	2008	2009	2010	2011
Firm					
Cadbury	13,246,408	16,014,709	20,576,177	22,152,651	29,454,185
Nestle	14,146,932	19,588,894	24,631,949	28,461,078	34,335,891

Source: Annual Reports of Cadbury Nigerian PLC and Nestle Nigerian PLC 2007 - 2011.

Table 3. Turnover Differential Factor (a)

Turnover					
Before	2,177,405	712,520	892,450	1,328,004	2,191,810
After	27,393,304	35,593,603	45,208,126	50,613,729	63,790,076
diff(a)	25,215,899	34,881,083	44,315,676	49,285,725	61,598,266

Source: Derived from Table 1-3

Table 2 above shows the turnover of the two firms understudy for the post product repackaging periods 2007 -2011. Table 3 is the determination of turnover differential of Cadbury Nigeria PLC and Nestle Nigeria PLC as period of pre –product repackaging is compared with period of post product repackaging. This is the test for relationship (strength of association) between the market share of the companies before and after the repackaging of products.

The hypothesis was stated thus

H₀: Product re-packaging activities do not have significant effect on sales volume of companies

H_A: Product re-packaging activities have significant effect on sales volume of companies

Decision rule: we accept the hypothesis as stated above if the analysis is positive but we reject the stated and adopt the alternative. In this case, the alternative is H_A.

Analysis is based on t-test statistics represented by the mathematical notation above.

The results are explained below

Table 4. t-test of the turnover of Cadbury Nigeria Plc (before and after repackaging)

Variable	Obs	Mean	Std. Err.	Std. Dev.	t value
ctob	5	923756.8	290753.4	650144.3	-6.9092***
ctoa	5	2.03e+07	2787687	6233457	
combined	10	1.06e+07	3487485	1.10e+07	
diff		-1.94e+07	2802808		

Source: Field data, 2016.

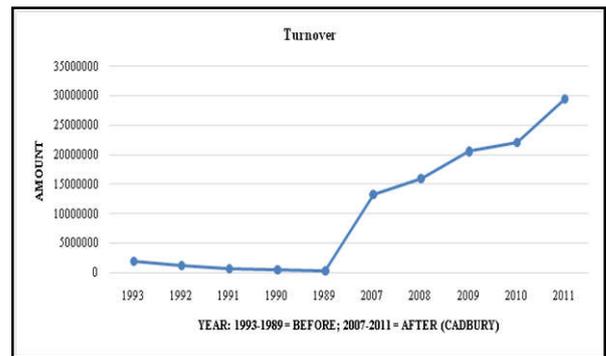
Table 4 shows the t-test result of sales volume of Cadbury Nigeria Plc pre-packaging and post packaging periods. The result showed that there was negative (inverse) relationship at 10% level of significance in the sales volume of Cadbury Nigeria Plc between their pre and post packaging periods. This shows that the repackaging of products done contributed to the increase witnessed in the company’s turnover. Therefore it can be said that repackaging of products leads to an increase in a company’s turnover. Table 5 shows the t-test result of market share volume of Nestle Nigeria Plc pre-packaging and post packaging. The result showed that there was negative (inverse) relationship at 10% level of significance in the sales volume/turnover of Nestle Nigeria Plc between their pre and post packaging periods.

Table 5. t-test of the turnover of Nestle Nigeria Plc (before and after repackaging)

Variable	Obs	Mean	Std. Err.	Std. Dev.	t value
ntob	5	488877.8	166982.7	373384.6	-6.7985***
ntoa	5	2.42e+07	3488558	7800652	
combined	10	1.24e+07	4286167	1.36e+07	
diff		-2.37e+07	3492552		

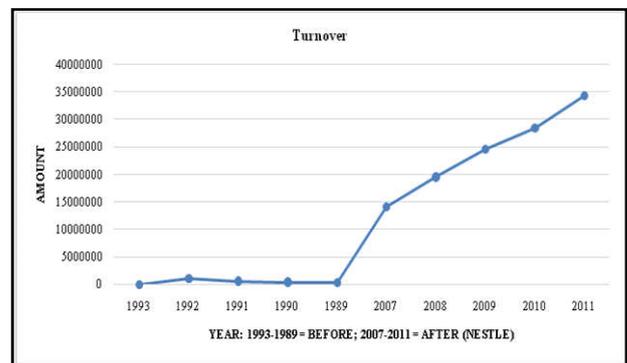
Source: Field data, 2016.

This shows that the repackaging of products done contributed to the increase witnessed in the company’s turnover. Therefore it can be said that repackaging of products leads to an increase in a company’s turnover.



Source: Field data, 2016.

Figure 1. Graphical representation of the turnover of Cadbury Nigeria Plc Pre-packaging and post-packaging periods



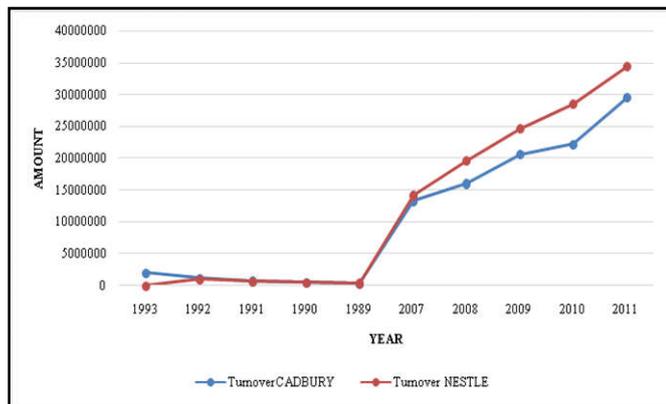
Source: Field data, 2016.

Figure 2. Graphical representation of the turnover of Nestle Nigeria Plc Pre-packaging and post-packaging periods

Figure 1 shows the graphical representation of the sales volume of Cadbury Nigeria Limited. From the Figure, we noticed the slight increment in the turnover of Cadbury Nigeria Plc in the pre-packaging period of between 1989 and 1993. After the repackaging of products was done, the company witnessed an up soar in its turnover, from about 1.5 million points in 2007 to about 3 million points in 2011. Figure 2 shows the graphical representation of the sales volume of Nestle Nigeria Limited. From the Figure, we noticed the slight increment and then a sharp decline in the turnover of Nestle Nigeria Plc in the pre-packaging period of between 1989 and 1993. After the repackaging of products was done, the company a steady increase in its turn over from 2007 to 2011. Figure 3 shows the turnover of the two (2) companies under review. Here we noticed that the two firms (Cadbury Nigeria Plc and Nestle Nigeria Plc) witnessed up soar in their turnover after they carried out the repackaging of their products.

Conclusion and Recommendations

This study critically examined the effect of repackaging on sales volume of some selected food and confectionary companies in Nigeria.



Source: Field data, 2016.

Figure 3. Graphical representation of the turnover of Cadbury and Nestle Nigeria Plc Pre-packaging and post-packaging periods

Packaging refers to all activities in the product planning that involves designing and producing the container or wrapper that holds the product. A significant improvement in packaging (repackaging) of a product can even create a new product by expanding the ways in which it can be used, and thus its potential markets. Packaging and repackaging of products help to stabilize the influence of the product in the market. It equally helps ensure that the product retains its viability in the market. It was discovered in the course of this study that there was negative (inverse) relationship at 10% level of significance in the sales volume/turnover of the two companies (Cadbury Nigeria Plc and Nestle Nigeria Plc) between their pre and post packaging periods. This shows that the repackaging of products done contributed to the increase witnessed in the company's turnover. Therefore it can be said that repackaging of products leads to an increase in a company's turnover. Based on the findings of this study, we recommend that companies should from time to time so as to disband the counterfeit companies that produce their products in unsolicited ways.

Companies should follow the trend of technological improvement and innovations in carrying out their repackaging activities. Equally, it is recommended that product repackaging should be considered as companies thrust or major policy issue that should be reviewed in tune with the detects of the changing marketing environment from time to time.

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