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MAXIMIZING EXPORT PERFORMANCE OF ALCOHOLIC BEVERAGES IN GHANA THROUGH PACKAGING

Case: Kasapreko Company Limited and Gihoc Distilleries Company Limited

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ABSTRACT

There has been an increase in international competitiveness in the 21st century compared to the century that preceded it. This has made it imperative for manufacturers exporting across international borders to be wary about this fact. The issue of packaging quality and effectiveness is one that has been a major setback on the export performance of products provided to the export market from Ghana. This thesis is primarily focused on the alcoholic beverage industry in Ghana and it is aimed at investigating how alcoholic beverages are packaged in Ghana, challenges faced and how packaging can enhance the export performance of companies within the industry.

In the quest to reach the above objective, both theoretical and empirical studies were conducted. The empirical part concentrated on two case companies namely, Kasapreko Company Limited and Gihoc Distilleries Company Limited with specific focus on the marketing departments of the above companies. Data collection was conducted through interviews, from available literatures and also from the internet. A comparative qualitative research method was used in gathering the empirical data with the aid of a questionnaire through an interview.

The thesis did prove the fact that not only does packaging play the traditional role of product protection, but it also serves as a tool that provides both convenience and information to the user. It serves as a strategic marketing tool that enhances the sales performance of a product. It was gathered from the empirical search that there really existed challenges within the industry under review of which included inconsistencies in the supply of packaging and packaging materials and quality, and design variations. The study of the case companies revealed that there was the use of both adaptation and standardization of packaging strategies in their international markets. The findings also pointed to the fact that the use of effective and efficient packaging helps to maximize the export performance of companies within the alcoholic beverage industry in Ghana.
LIST OF FIGURES

Figure 1-Levels of packaging……………………………………………………18
Figure 2-Types of protective packaging and their constituent elements………..19
Figure 3-Strategic adaptation to foreign markets……………………………….43

LIST OF TABLES

Table 1-Rising cost of packaging materials from Jan. 2009 to Jan. 2011……..31
Table 2 -The colour wheel of branding and packaging………………………..40
# TABLE OF CONTENTS

ACKNOWLEDGEMENT..............................................................................................................1  
ABSTRACT.................................................................................................................................2  
LIST OF FIGURES.......................................................................................................................3  
LIST OF TABLES.........................................................................................................................3  
1. INTRODUCTION......................................................................................................................7  
  1.1. Background and purpose of the study................................................................................7  
  1.2. Research objectives and questions...................................................................................9  
  1.3. Limitations to the study.....................................................................................................10  
  1.4. The research method.........................................................................................................11  
  1.5. Structure of the study.......................................................................................................12  
2 THEORITICAL FRAMEWORK.................................................................................................13  
  2.1. Packaging: an overview....................................................................................................13  
      2.1.1. International packaging concerns............................................................................15  
      2.1.2. Levels of packaging.................................................................................................16  
      2.1.3 Packaging functions...............................................................................................18  
  2.2. Packaging and marketing strategy....................................................................................21  
      2.2.1. Packaging alteration............................................................................................21  
      2.2.2. Secondary use packaging.....................................................................................22
2.2.3. Category consistent packaging ............................................................... 22

2.2.4. Innovative packaging ........................................................................... 23

2.2.5. Multiple packaging ............................................................................... 23

2.2.6. Handling improved packaging ............................................................... 24

2.3. Packaging criticisms ................................................................................ 24

2.4. Constituents of an effective package ......................................................... 27

2.5. The challenges faced in the packaging industry ....................................... 29

2.6. Impact of packaging on the environment ................................................ 33

2.7. Labelling and its relevance on a package ................................................ 34

2.8. The international trade and export environment ..................................... 36

  2.8.1. International packaging considerations ............................................. 37

  2.8.2. Packaging for the export market ......................................................... 38

  2.8.3. Relevance and meaning of colours on a package ............................... 39

  2.8.4. Standardization or Adaptation: which way to go? .............................. 41

2.9. The linkage between packaging and export performance ....................... 44

3 RESEARCH METHODS ................................................................................... 46

3.1. Introduction ............................................................................................... 46

  3.1.1. The research method used ................................................................. 46

  3.1.2. Sampling and sample size .................................................................. 47
3.1.3. How data was gathered .......................................................... 47
3.1.4. Reliability and validity .......................................................... 48
3.1.5. Data analysis ......................................................................... 48

4 EMPIRICAL FINDINGS ..................................................................... 49

4.1. Introduction ............................................................................. 49
4.2. A brief about Ghana ................................................................. 49
4.3. The alcoholic beverage industry in Ghana .................................. 50
  4.3.1. How alcoholic beverages are packaged in Ghana ................. 50
4.4. Introduction of case companies ................................................ 51
  4.4.1. Kasapreko Company Limited (KCL) .................................... 51
  4.4.2. Gihoc Distilleries Company Limited (GIHOC) ...................... 52
4.5. Findings from interviews .......................................................... 53

5 ANALYSIS, CONCLUSION AND RECOMMENDATION ................. 63
5.1. Summary and conclusions ....................................................... 63
  5.1.1. Conclusions ................................................................. 65
5.2. Recommendations .................................................................... 67
  5.2.1. For future studies ............................................................ 67
  5.2.2. For alcoholic the beverage industry in Ghana ...................... 68

REFERENCES .................................................................................. 68
APPENDICES .................................................................................. 73
1 INTRODUCTION

This chapter will deal with a general background to the study, also with a brief look into the research objectives and questions. The research method adopted will also be highlighted in this chapter followed by the limitations to the study and then finally, a look at the structure of the study.

1.1 Background and Purpose of the Study

The research topic deals with packaging and how it can enhance the export performance of firms in the alcoholic beverage industry in Ghana. It focuses on two case companies, Kasapreko Company Limited and Gihoc Distilleries Company Limited. It is purposed to know how the case companies package their products and how packaging enhances their export performance.

The global market has become much more competitive in the 21\textsuperscript{st} century (Hauser, 2007,) as compared to the century before it. This has made it even more difficult to survive in the international market and it is a real force to reckon with. In such situations only the best practices coupled with innovation can give one firm an edge over the other in the struggle to win international customers. One very important element to consider is packaging and presentation of products since these elements especially the former tells a lot about a product and its contents and it is the first call for attention.

Ghanaians produce distinct products but lack the ability to really present them in the best way (Obeesi A., 2010). This prevents them from getting the best out of their
produce in the international market. This is due to the high costs involved in developing quality and attractive packages and this is what will make them more competitive internationally. Apart from getting the right customer for your product, it is very important to also try as much as possible to get the best value for your product and this is where the issue of getting the best packaging comes to bare.

Packaging has in recent times become a very important tool in the marketing of products since it does more than just protect the product; it also serves as the silent sales person for the company (Packaging-Gateway.Com, 2005). It is seen as a strategy that serves two main functions. The first is to serve as a protective tool rather than a communication tool and the second function concerns the marketing communications needs and its potential impact on the purchase decision making process.

Good packaging gives one company an urge over the other and could be seen as a way to gain international competitive advantage. With the development of technology, more could be done. The export performance of alcoholic beverages produced in Ghana can be achieved not only with quality products and good communications, but it has to be complemented with good and attractive packaging that is produced at lower costs.

Ghana is a country that is full of potential to export very huge amounts of produce to the international market. This however, is always faced with serious challenges due to very intense competition from the international world with regards to issues such as price, product quality, payment terms and other trade issues. Effective packaging however, also gives a greater urge over the other and could be seen as a way to gain
international competitive advantage. With the development of technology, more could be done. Some companies in the Ghanaian industries are however too quick to copy instead of coming up with their own very unique and quality packages that will help stimulate the kind of sale that they would want and thereby increase the export performance of the nation.

This work will be restricted to the alcoholic beverage industry in Ghana and specifically limited to two case companies, Kasapreko Company Limited and Gihoc Distilleries Company Limited. This research work is aimed at investigating how alcoholic beverages are packaged in Ghana, challenges faced in packaging of alcoholic beverages and how packaging can enhance the export performance of companies within the industry. The outcome of the research will assist companies within the industry to understand the importance of the package of a product and why it should be an area to focus resources on and to also assist them in their product designs and decision making. Both the theoretical and empirical parts of the work will be explained shortly.

1.2 Research Objectives and Questions

The main purpose of the study is to identify the importance of packaging and how it can be used as a tool for maximizing export performance of alcoholic beverages in Ghana.

In order to fulfil this purpose, the meaning of packaging and its importance will be discussed. In the empirical part, a research about the packaging practices and strategies used by the case companies will be discussed and presented after a comparative analysis is done.
The following research questions will have to be answered at the end of the work with the main one being:

“Do you think packaging can maximize your export performance? Other sub questions will include the following

- What are the main factors influencing your international packaging decisions?
- What packaging practices and strategies are employed by the case companies?
- The challenges faced by the case companies with regards their packaging?
- How packaging helps to improve export performance?

1.3 Limitations to the Study

Although there is a wide range of literature available on this topic, it will be impossible to search more extensively considering the time dedicated to this work. However, the more relevant theories will be gathered to fit the case companies so that the topic can be understood more clearly than the broader sense.

The distance, time factor and the human resources available will affect the very quality that this work should get. The best practices will be employed in order to achieve the intended goal of this thesis project.

This piece is limited to only two case companies in Ghana and this will not give very accurate information about the broader situation on the ground concerning packaging and how it influences the maximization of export performance. It is also narrowed down to the alcoholic beverage industry in Ghana instead of broadening it to all the
industries that do export in Ghana. Nevertheless, this work will serve as a base for future research in this area.

1.4 The Research Method

Books and other important articles will be gathered for the theoretical part as well as web pages. Most of the sources will be secondary sources since there is some already available information on packaging and the export market.

A qualitative research method approach will be applied to gather the empirical data. In the thesis, respondents will be interviewed with the aid of a questionnaire which will be designed with open ended questions. They will be guided through the questions that are designed in the questionnaire. Data from the management of the case companies will be collected by means of interview in order to get a deep insight into the issues. Possible face to face interviews will be carried out in order to observe facial and emotional attachments to the answering of the questions.

The sample will be drawn from the management of the case companies with specific interest in the marketing departments. A total of two questionnaires will be given out, one to each case company. The companies chosen are based on the reason that they both export some products abroad. The interviews will be conducted at the premises of the company and the data gathered. A comparative analysis will be made based on data gathered.
1.5 Structure of the Study

This piece of work will be divided into five main parts: introduction, theoretical, research methods, empirical part, summary, conclusion and recommendation.

Chapter 1: Introduction. This chapter is going to introduce the background of the study and its purpose and the research objectives and questions. The limitations of the study and the structure of the study will also be presented in this chapter.

Chapter 2: Theoretical part. Chapter two will focus on the literature of the study area. It will describe the meaning of packaging and its linkage to maximization of export performance. Types of packages and strategies will also be looked into in this chapter.

Chapter 3: Research methods. This chapter is going to deal with the methods used to gather the relevant data in the study. The research process will also be explained here in this chapter.

Chapter 4: Empirical findings. In this chapter there will be an introduction and some background information about the case companies and the results gathered from the questionnaire will also be analysed.

Chapter 5: Summary, conclusion and Recommendation. This is the chapter that is going to give a full summary of the previous chapters. Based on the theoretical study and the empirical study, a conclusion is going to be made and then recommendations made according to the findings.
2 THEORITICAL FRAMEWORK

2.1 Packaging: an overview

Packaging is a very important element in the life of every product (or service). This is because apart from the fact that it helps protect a product from damage, it also helps a product to be differentiated from other brands of similar kind. It also helps a product to gain a competitive advantage over the others. The packaging market itself is estimated to a value around 500 billion US dollars, which is estimated to also account for 1-2 per cent of the gross national product (GNP). It is however very interesting to note that there is very little research that has been conducted in the area of packaging considering how important it is in today’s marketing activities (Rundh, 2005, 107, 9).

The term packaging has been defined by many authors over the years in so many ways but the meanings are almost all the same. Packaging can be defined as the process of designing and fabricating the container for a product (Kotler and Keller, 2012, pp. 368-371). This explains that packaging is a process and it involves all the elements in the process, that is, from design through the production and presentation of the final container. Packaging can be further grouped into three main categories which are the primary package, secondary package and shipping package according to Kotler and Keller (Kotler and Keller, 2012, pp. 368).

The packaging of a product is very important because sometimes the package itself serves the customer in so many other ways. When a product’s package is attractive, it tends to pull a positive response from the customer whilst the opposite, which is unattractive packaging, triggers negative response to the product by customers. This suggests that a package’s appearance has a very important role to play in its life entreating marketers and designers of packages to come up with packaging that is
attractive and would be able to pull the kind of response expected from the customer (Blythe, 2012 pp. 145). It is very true what Klevas (2005) states that packaging influences to some extent the level of efficiency in the supply chain flow. It is agreeable because the design of a package could either enhance or hamper its handling from the supplier down to the consumer and at every stage of the chain time is important.

Packaging is also defined as the “coordinated system of preparing goods for safe, secure, efficient and effective handling, transport, distribution, storage, retailing, consumption and recovery, reuse or disposal combined with maximizing consumer value, sales and hence profit (Saghir, 2004). The above definition is similar to that given by Kotler and Keller, however, the latter has gone deep enough to highlight all the processes and activities that are involved in the packaging from its inception to its benefit. The uses of packaging are enormous asides its basic functions of giving protection, containing and storing the product. It can also play the logistics function, marketing function and the environmental function. They may also be grouped into primary, secondary and tertiary functions according to Saghir (Saghir, 2004).

In the past decades, marketers were keener to minimize the cost of their packaging as much as possible. This phenomenon has however been shifted more from cost minimization to value addition on the product. They are considering how best they can present their products to win customer attention and satisfaction and also how to get cost effective packages that function better than competitors. More money is now being spent on the developing of very attractive and effective packages that would in turn provide huge returns on their investments. (Asher, 2010, pp. 108).
It is very important and worth noticing also that the term is not only related to tangible products. It may also involve intangible products, that is, a service. In this case, it can be defined as the activities involved in incorporating a series of related product offerings into an exclusive offer (Businessdictionary.com, 2012). Examples here may include attaching warranties to tangible products such as a mobile phone or a complete vacation offer with the inclusion of different other offers such as food and a beauty therapy on board and all inclusive in the fare price.

2.1.1 International Packaging Concerns

Packaging is very important when it comes to international sales and distribution of products. This is because products have to travel very long distances as compared to domestic distribution or in-country distribution. It is therefore very relevant to ensure that the safety, sustainability and how it is presented is intact along its journey from one country to the other. Although one package might be suitable for domestic purpose, it is not likely to be adequate in the international journey. This is because the package will undergo stress on the shipping vessel before it reaches its destination (Czinkota and Ronkainen).

It is the responsibility of the exporter to ensure that the packaging is safe and durable to endure the trip. Czinkota and Ronkainen explain that according to the U.S. Carriage of Goods by sea Act of 1936: “Neither the carrier nor the ship shall be responsible for loss or damage arising or resulting from insufficiency of packaging” (Czinkota and Ronkainen, 2010, pp. 531). This means that those who make packaging decisions must consider the fact that environmental conditions are different across national borders and as such the best packages are used in transporting products to international markets. This is important mainly because more losses are made from product breakages, pilferage and theft more than that which is
caused by the casualties caused by vessels on their journey to the destination country (Czinkota and Ronkainen, 2010, pp. 531-533).

Product design in the international environment can enhance the efficiency of logistics or otherwise. This is because the design of the product can affect the smoothness of the process in which the product goes through from departing country to the point of destination (Klevas, 2005, pp 116-119). It is therefore very important to consider the package before designing of the actual product in order to support the activities that go along the supply chain or the logistics process.

It is the duty of the international marketer to decide which product should enter which country. This is because even customers of the same sex and age group will react different to the same product in different geographical locations. An issue such as culture has a very deep effect on the perceptions that customers have over the same brand and package. It is very necessary that when designing the package of a product for a country, issues such as language, colour, package size and shape of the package is carefully assessed so it meets the desires of the customers. International companies must know that not all packages serve the same purpose in all countries and as such when making packaging decisions for international markets, care should be taken so as to ensure that the package is accepted in that foreign market. In simple terms, tailor your package to the needs of your target foreign market (Kotler et al, 2005).

2.1.2 Levels of Packaging

According to Kotler and Keller (2012), there are three main levels of packaging. These are the primary package, the secondary package and the tertiary package. The primary package is the immediate container and it is in this container that the product
remains in till it reaches the final consumer who actually uses the product. Therefore the container holding the product content it is the primary package.

The next level of the packaging is the secondary packaging. This is the additional container that houses the primary package. It is normally disposed of when the product is about to be used or opened. The next level of packaging is the tertiary or the shipping packaging. It is the packaging that is necessary for storage, identification and transport as well. It is the box or container that contains the product for transportation from one place to the other and should be convenient for such purpose. Packages that are designed well enough help create convenience and add value to the promotional campaign. Figure 1 gives a pictorial view of the three levels of packaging.
2.1.3 Packaging Functions

There are different functions that a package performs. The first very common and important function of a package is that it should be able to protect the content inside it. This function is the most basic function that every package should be able to perform. Protecting the product means ensuring that the contents in that package are shielded from damage or even tampering by other people. Marketers suffer a great deal when contents of their products are tampered with during the process of transportation and it is therefore very necessary that the right technology is used to produce packages that will prevent this phenomenon from happening or if not completely eliminating it, then to an extent (Dibb et al, 2012). This the one most important function a package should serve and therefore if it fails in this sense, then
that package is not performing its core duty. A bad package may expose a product to various conditions that could cause damage to it and thereby reducing its expiry date and further causing more financial costs to the marketer. Packages should be designed with the most current technologies and materials that would ensure a total protection to its contents and further ensuring an extension to the life of it. Figure 2 shows the various environmental effects that have a potential of damaging a product.

**Fig. 2 Types of Protective Packaging and their Constituent Elements**

![Diagram of Types of Protective Packaging and their Constituent Elements](image)


The next important function of a package is its ability to offer convenience to the user of the product. Today, most customers buy products they consider to give more
convenience than those ones that do not. Package sizes, colour and designs should be created in a way that does not cause problems in their usage but provides a real convenience to the consumer. This can be achieved by adapting to most recent technological ways of packaging and ensuring that the packages are so easy to use and that they give the best assistance to the user (Dibb et al, 2012). A cardboard box for a television set with two openings that serves as a handle is more convenient to carry about than one that does not. That little perforation serving as the handle is so simple but yet adds value to the television and may cause one customer to purchase that which has a handle over the other which does not. Products such as milk should be packaged in a way that allows it to be re-closed after it has been partially used so it can be easily refrigerated. The package should have features that help in distributing, product handling, displaying, its sale, reclosing and re-use as well (Grundey, 2010).

There is an additional function that packages play in the life of a product. This is the information function according to Venuccio et al (2010). A package should be able to communicate to the customer elements such as the use of the product, its contents, handling information, benefits etc. In this way it can be said to act as a silent marketer because it does what a marketer should do. Some products are bought by customers without consulting the sales man because everything about the product is easily communicated on the package and aids in self service. Barcode usage in recent times has also aided in the easy tracking of products and the upstream communication of marketing information along the value chain (Venuccio et al, 2010).

The packaging function can also be grouped by the role it plays in either logistics or marketing (Silayoi and Speece, 2005). With regards the logistical function, it deals with the protection of the product along the distribution route. Even though a package adds extra cost to the product, this function helps to limit or eliminate product spoilage, pilfering, or even misplaced goods. This function can be related to the
protection function earlier explained by Dibb et al, (2012) and other experts in the field of marketing. In the area of marketing, Silayoi and Speece (2005) explain that packaging helps to attract and transmit information about the features of a product to consumers which is just what marketing does also. The package of a product is one element that customers perceive and it can either help market a product well or not. This is because a package that communicates negatively is likely to fail in the market since it could lose its attraction but on other hand, a package that communicates positively to its targets is sure to perform better in the market. Due to the reason before mentioned, it would be in the interest of the marketer to design packages in a way that is not interpreted wrongly by the targets.

2.2 Packaging and Marketing strategy

Packaging can be used as a marketing strategy component and hence a very important tool for marketing activities. A slight change in the appearance of a package can enhance the attractiveness and performance of the product. It is necessary that marketers adjust the appearance of their product periodically and this is where packaging comes to play a critical role. It is a very good strategic tool that adds so much to the competitiveness of a product in the market (Dibb et al, 2012). The strategies can be in different forms and must be significant enough to make a product sell easily. A change in the packaging strategy should however be considered very critically and carefully since it might change completely the image of the brand which can affect the product either positively or negatively.

2.2.1 Packaging Alteration

A package can be changed as a result of the obsolete nature in its current state. In order words, a change may be made because the form of package being used is
outdated or old fashioned. In this regard, basic features of the product package can be altered to meet current competition trends. It can also be altered to correct a poor feature or an anomaly in an existing package. It may be redesigned because there is an introduction of a new packaging material which is more effective and cost efficient.

A little change in a package’s appearance could be a very important repositioning statement to customers. If it done very well, it is likely to achieve the intended response.

2.2.2 Secondary Use Packaging

This is a form of packaging that gives the consumer the chance to reuse the package after the original product contents are finished or used up. An example could be using the container of a mobile phone paper package as a jewellery storage material. In this case, the package should be designed so it looks very attractive and durable so it lasts for long even after the original use is over. The package has to be designed in a way that makes it possible to be reused. It is very important that marketers communicate this usability in a way that would make customers perceive them (the products) attractive and worth purchasing. If customers end up valuing a package like this, it would in turn help to increase sales of that particular product (Dibb et al, 2012).

2.2.3 Category Consistent Packaging

Some products have a traditionally accepted and known way they should appear. Some products are traditionally packaged in bottles such as soft drinks. It is very important that marketers follow some packaging trends since they may have a
cultural element attached to them. Rice is originally packaged in bags and sacks and would be perceived different and may be unattractive should they be packaged in bottles. The marketer must ensure that products which have had consistent package forms over the years are maintained. A slight change if not carefully considered and planned may lead to a product failure in the market and a complete disaster to the marketing activities.

2.2.4 Innovative Packaging

A product’s package can be uniquely designed so that it gains easy recognition in the market. The design or other features no matter how small it may be could be redesigned in order to make it look different from that of competitors. This strategy is very necessary when the product faces very strong competition and if the intended change or innovation is very helpful to the customer or enhances the safety of the product. It should e understood here also that an innovation is considered valuable if it provides the customer with some additional benefit. An innovative package can also make customers use a product in a totally new way that makes it more convenient and comfortable. Marketers who want to gain more advantage in the competition should consider adopting this strategy because it provides the product a chance to distinguish itself from others and gain additional attention.

2.2.5 Multiple Packaging

Some products can be packaged in multiples in order to increase their sales. Marketers try to place several units of the same product in one container. This form of packaging may encourage the usage rate of a particular product or brand. It is however worth knowing that not all product types could be packaged in this way. Multiple packaging also helps when it comes to engaging in a sales promotion. For
example, adding an extra canned coke in a package of six packs so to attract more customers to the product.

2.2.6 Handling Improved Packaging

A package could be altered to make it more convenient to handle and also keep it smooth through the distribution line. This is needed if the current package of the product makes it difficult to handle through the distribution channel. A little perforation of a carton box could serve as a handle to that box and make the handling of a television set easier to transport from the manufacturer down to the end user (Dibb et al, 2012).

Marketers may blend various packaging strategies for their marketing activities. In as much as choosing the right packaging strategy enhances performance of a product in the market; the wrong choice could also dampen the marketing activities of the product. It is therefore important that careful consideration is taken when such decisions are taken. Knowing which package is current and sells well is the key to success.

2.3 Packaging Criticisms

Packaging issues are now very much existing in the public domain largely due to the growth in consumerism and its attachment to environmental issues. There has however been an improvement in packaging over the past few years as a result of research and development works in the area by organizations. Although organizations have tried to eliminate packaging issues, there are still issues when it comes to this topic. Packages still have defects on them and do not provide the total convenience
that is expected. Some packages just do not function as they are expected to (Dibb et al, 2012).

The criticism that packages deplete the environment has been partially addressed through the use of recyclable materials. Some packaging materials are not recyclable and this is causing pollution to the environment. This issue is compelling more consumer groups to campaign against such packages and as a result, marketers are concerned about its development. It is evident that disposable packages, for example bottles, are more expensive to produce as compared to those which are reusable. However, there are arguments that turn to suggest that packaging minimizes spoilage, thereby reducing a different form of waste of resources.

Another criticism of packaging is that they are used as deceptive items to lure customers. Some critics argue that some packages tend to deceive customers into purchasing products they do not need. Colour and messages on package labels may confuse customers in their purchase decisions. Some package size conveys the impression of containing more than the actual contents really is (Dibb et al, 2012). Corn flakes packages are mostly deceptive because they are usually placed in very large boxes and customers may think they contain much but they do not. Some packages could also have labels that are totally deceptive and may mislead customers. This could take the form of either adding information that is not true or omitting some information from the consumer. Omitting information may be a key reason why someone will purchase a particular product, same to do with adding some information which does not exist in the product (Jobber, 2007, 369).
Additionally, there are some packages that do cost more than their contents, thereby causing the products selling price to raise more than normally should. Some cosmetic products for example are being priced high because their packages are very expensive than the actual contents in them. This cost is in turn pushed on to the final consumer which is seen as ethically inappropriate.

There has been considerate effort by manufacturers to ensure that packages they produce are safe. However, this has not been fully achieved over the years. For example, aerosol cans that used chlorofluorocarbons as propellers have been banned in some countries due to the threat it has on people’s health. This is forcing more companies to switch to pump dispensers which are considered safer (Dibb et al, 2012).

Manufacturers and especially marketing executives have to tackle and address these criticisms if their products are to survive in these current times of wide global awareness of protecting the environment. This means that not only should they retain their existing customers with their attractive packages but they should also enhance the positive aspects of packages they introduce to the market. Issues such as product protection, supporting the consumer and supporting marketing activities should be the way forward. The growth in consumerism and about the implications of some materials used for packaging is driving manufacturers and marketers alike to consider alternative solutions in solving current packaging issues. It is therefore very important that companies consider investing in research and development in packaging. By this way safer and more effective but yet environmentally friendly packages could be developed to solve the impending criticisms.
According to Blyth (2012, 145-146), there has been a shift by manufacturers to consider not just producing packages of any material but into the use of ones that are either able to be recycled or are biodegradable. It should be noted here that packages that are being offered to customers are well accepted and this means that the package should be hygienic and should also provide maximum convenience to them.

### 2.4 Constituents of an effective package

Packaging is good but an effective one is better. Producing just any package will not provide the needed sales but an effective package would. A good package is expected to act as “five-second commercials” to the product and therefore should be attractive and informative as well (Kotler and Keller, 2012). Establishing criteria for creating packaging effectiveness is therefore very important in ensuring that the package that is sent out to make the sales really does that. One fundamental criterion for an effective package is that it should be visible. It is agreeable that until a product is seen, it cannot be bought. Creating that attraction in today’s marketing environment is the key to establishing the needed sales required. The market is crowded by so many related products that are difficult to distinguish. However, changes done to the shape, colour and graphical aspects of the product can create that distinction and appeal more to the approaching customer than the rest of the competition. The shape can be manipulated in a way to create a great difference and make the product look unique. Moving away from the normal way of doing the same thing attracts attention. However, care should be taken since some laws only demand some specific shapes for specific products (Asher, 2010; Johnson, 2011).

Another way is to ensure that the information given on the package is meaningful to the customer. The information on the package should be able to catch the needed attention of the customer when he passes by the product. Using visuals that are very
attractive is also very necessary but overuse of it could portray a negative picture. The shape of the package, the colour, size and where it is placed in the market shelf can be designed in a way that is appealing to the customer and helps communicate the product features so well (Asher, 2010). According to Asher (2010), “a shopper can only process two to three messages and will ignore the rest” (Asher, 2010, pp. 108). This suggests that too much information on a product is not necessary; therefore the most essential information should be made simple and easy to read at a glance. Knowing which information is the most important helps to highlight them above the other messages on the package.

One other criterion to ensure effectiveness is to create packages that are functional. Packages that do not give the needed assistance or ones which makes the use of a product seem frustrating is sure not to make the sales intended. Customer friendly packages coupled with other usability features of the product will enhance the effectiveness of the package and distinguish itself from the rest if they have been tried before. This functionality helps in repurchase decisions. A product that is not functional certainly is likely not to be repurchased by the same customer the next time. On the other hand, one that is functional and easy to use will attract a repurchase by the same customer in the future (Asher, 2010).

An effective package should be able to close a sale. Very good packaging can lead to sales maximization. This is because customers are willing to pay more for added value on a product as compared to a product that is not improved in value terms. A package that is well designed and modified leads to trigger the needed purchases from the customer. To be able to know whether a package is really effective, a marketer can consider the following ways; a consumer research could be conducted at the early stages of the package design. This is like “taking out the insurance policy” (Asher, 2010). This is because even though the cost involved in conducting the research could
be very huge, its adverse effects are profitable since it eliminates or better still reduces the risk of forecasting based on total assumption.

An effective package could be assessed by examining if the package is visible. That is to say how fast can it be seen and noticed by a customer moving past so many items on in a supermarket for example. Another way is assessing how well it communicates the intended message to the customer. If a package’s message confuses a customer then it is not effective. The package should also be compelling. It should be able to attract the needed purchase and not only do the attraction job. If customers do not purchase a product even if they have seen and liked it then it is not compelling enough, in turn, it is not effective.

Marketers should always ensure that not only do they manufacture packages that are attractive but ensure they are effective and actually produce the needed results expected of them.

2.5 The Challenges Faced in the Packaging industry

Packaging is faced with many challenges and this is having an effect on the needed quality and cost effectiveness of packages that are produced. It is very important to tackle these challenges if one wants to gain a competitive advantage over the competition.

Over the years, there has been very significant rise in the cost of producing packages. The world’s commodities that are used for package manufacturing has been rising on a fast pace over the years. This is having a rippling effect on the final cost of
producing packages and thereby making the final cost of products expensive. This is forcing packaging manufacturers to increase their packaging prices.

The table below states the increase in some commodity prices associated with packaging comparing January 2009 and the same time in 2011. It is very evident that these increases are having a hard hit on the packaging industry. This in turn is shifted to the final consumer. Crude oil, European Brent per barrel rose from $43.48 in January 2009 and the same period 2011 it rose by 128% to register a price of $99.02 which is very significant considering the very short time space between them (Gale, 2012).

This issue of consistent rise in commodity prices is one which cannot be eliminated considering the impact it has on packaging. However, a change in the process used in manufacturing the packages could be a key to reducing the amount spent in package manufacturing and thereby creating a competitive advantage to the package manufacturer since the price of package could reduce with a change in process.
### Table 1 Rising Cost of Packaging Materials from Jan. 2009 to Jan. 2011

<table>
<thead>
<tr>
<th>Component</th>
<th>January 2009</th>
<th>January 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acrylic emulsion adhesive components</td>
<td>$ 0.80</td>
<td>$ 1.43</td>
<td>79%</td>
</tr>
<tr>
<td>Crude oil, European Brent (barrel)</td>
<td>$ 43.48</td>
<td>$ 99.02</td>
<td>128%</td>
</tr>
<tr>
<td>Crude oil, (West TX Int. (barrel)</td>
<td>$ 38.74</td>
<td>$ 91.38</td>
<td>136%</td>
</tr>
<tr>
<td>Pulp (NBSK)</td>
<td>$ 605</td>
<td>$ 960</td>
<td>59%</td>
</tr>
</tbody>
</table>


There is also another challenge facing packaging and this is differentiation. Most firms think that only price is the key in differentiating their products from the others in the competition. However, this has proven over the years not to be the ideal way to differentiate a product since it always brings price wars. The only true way is to understand the needs of your customers and tailor products that serve those needs. This will help you create products that are distinct and different from what competitors are offering (Gale, 2012).

Sustainability challenge is one that is affecting the packaging industry so greatly. The future for packaging looks very uncertain considering the growing demand for more use of sustainable materials in creating packages. There are issues such as food security is one which is of very great concern to consumers and this is going to stay for a long time considering the effects of climate change on the environment and
especially on agriculture. This means that packaging experts are to ensure that in the future the very best packages are designed and produced so as to reduce the wastage that poor packaging is experiencing in recent times. According to a survey conducted by Packaging World and DuPont Packaging and Industrial Polymers, about 82 percent of the customers interviewed believe that in ten years there is going to be a greater influence on packaging design. 81 percent also say that packaging is going to play a very major role in the success of products in the near decade. This means that more has to be done in able to sustain the importance of packages in the future. With consumerism also growing at a very fast pace, some materials will no longer be viable for packaging in the future and means that marketers and package designers have to find newer and ecologically safe but effective materials for the future (Wilmington, 2012).

Most customers today are demanding very high and quality service levels but are not willing to pay the corresponding price this brings. This issue is also with the packaging industry. Because there are so many competitors in the packaging industry, customers of packages seem to have a bigger bargain and this is forcing manufacturers to lower their prices. However, the same customers want higher services from these manufacturers which are a very big challenge. One way to deal with this challenge is to plan your delivery days so they do not coincide with that of your customer. Understanding your customer is the key to helping solve most of the packaging issues. Value has to be created if more is expected from the customer. Ensuring that you deliver just in time is one way of dealing with cost that could be attributed to keeping bulk inventory just to satisfy a customer (Gale, 2012).
2.6 Impact of Packaging on the Environment

Even though packaging has got so many benefits as already seen in the paper so far, it is worth noting that it also has got many negative effects on the environment. On the positive side for instance, it helps to save some natural resources we have by helping in their preservation and avoiding wastage. In other words, it prevents the environment from being polluted by the product which it contains and this is positive to the environment (Pongracz, 1998).

The environmental issues today are of great concern to many consumerists and should be a reason why marketers should be alarmed to. The population of the world has continually increased at a faster rate over the years and this is compelling a corresponding increase in the demand for packaging as well. This also means that the issue of dealing with waste from packaging has also increased tremendously especially when it comes to plastics. All materials used for making packages are derived from the environment and as such has a direct impact on the environment. It is very necessary that marketers and designers of packages try as much as possible to reduce the amount of materials used in producing the packages in order to diminish to some extent the impact on the environmental resources available (Flaherty, www.ehow.com).

Much of the waste found on landfills is attributed to package waste. This is so because some of the materials used in making the packages are not biodegradable and as such takes a longer time to decompose. Some materials such as plastics may take even longer years and still not break down at all.

Companies are encouraged by various environmental protection agencies to reduce as much possible the packaging material they use in making the packages of their
products. This way, the environmental, and to a large extent, the economic benefits are enhanced. Recycling is also a way that can help reduce the packaging waste to some extent. This is what consumers are demanding for in recent years, that is, companies that are taking recycling very serious. More education should also be given by these companies to their customers on how to dispose of packaging waste. Some companies are already voluntarily making decisions that will help reduce packaging waste in the environment. An example is Wal-Mart creating a five-year plan to reduce packaging by 5 percent by 2013 and this is a big step (Flaherty, www.ehow.com).

2.7 Labelling and its relevance on a package

This is a very important aspect of a product and is formed mostly as part of the package. It is one area that cannot be ignored when the issue of packaging is being discussed. Labels carry information about a product and its contents. A label does more to enhance the beauty of a product and this in turn enhances its attraction to customers. A good label carries with it information about the contents, weight, and the origin of the product and very important aspects that will aid the customer to make an informed decision to purchase the product and also helps them to effectively use the product (Dibb et al, 2012).

The increase in international trade and business has made it necessary that manufacturers and marketers alike consider the legal fulfilments when it comes to the labelling of a package. There are country specific requirements and international standardized requirements. It is the duty of the manufacturers to consider all these legalities and produce package labels that will meet these standards if their products are to survive in the market (Blythe, 2012, 146). There are variations to labelling laws from one country to the other. For example it is required by law in Venezuela to
include prices of products on their labels and this is opposite in Chile, the law forbids anything that is close to that (Cateora and Graham, 1999). The ethics of marketing should also not be underemphasized. It dawns on marketers to ensure that the information they provide on their labels are true and not use language that may deceive customers into purchasing their products. In order words, they should not mislead consumers with the information they provide on their labels (Dibb et al, 2012).

There is also an issue called eco-labelling, which is gaining ground in recent years. Consumers are becoming more environmentally driven in their purchase decisions. Products that are communicated to be eco-friendly are gaining more competitive edge over others which are not. Even though there is no clear legislation on the use of eco-labelling, it is a very important element that most customers of today will tend to consider before deciding on whether to buy or not to buy a particular product. Marketers who have tried, however small, to be environmentally friendly in their production and marketing process should see it as relevant to have eco-labels on their packages since this will enhance their efforts to convince today’s customer (Cateora and Graham, 1999). Because the world is changing at a very fast pace and consumers are also following the change around them, it dawns on the marketers to really come into terms with this phenomena and create changes in their labelling and packaging decisions to match the change. This will help make some significant rise in their international profitability as well.

The label of a package is one that communicates to the buyer in the absence of the marketer or the sales man. It is worth noticing and in turn creating that label which would enhance the marketing activity and make the needed sales that is required should be the ultimate goal of the marketer.
2.8 The international trade and export environment

There is a huge difference between the local environment and the international environment. This is because there are very bigger environmental issues to deal with. These issues include political, economical, sociocultural and technological issues amongst others. There is more to be done as a marketer in the international world than is done domestically (Albaum et al, 2002). The marketer is supposed to understand all these environmental issues before going to trade abroad. The issue of world trade however, is sometimes criticized to lead to the exportation of cultural values as well and this can make a particular culture become extinct (Blythe, 2012).

Today, most governments are encouraging their industries to go abroad since it provides lots of foreign exchange which is beneficial to the countries involved. They are doing this through various promotional programs and ways. Some of the activities they undertake may involve the government alone or sometimes through partnership agreements with the industries. These partnership agreements mostly are designed for small and medium scaled enterprises (SMEs) and mainly for exporting activities (Albaum et al, 2002).

Three of the major problems mostly encountered by exporters in a country include the lack of motivation to go abroad, the limited existence of adequate information and operational and resource based hindrances. These issues affect most organizations that are already operating or intending to export abroad. Governments try as much as possible to help solve these issues so their industries will grow through exportations (Albaum et al, 2002).
Although most of the governments prefer to export their countries’ produce to other countries, they would like to restrict importation from other countries. This way, the balance of trade payment is checked to some extent in order to reduce deficit figures. This reason often creates a lot of tension between countries and this further impact on trade relations. When this happens, it is the industries within these countries that suffer. It is more characteristic for developing countries to impose tariff barriers in the quest to protect their local industries. However, this impacts rather negatively on the industries since they become inefficient due to the lack of foreign competition. Foreign competition helps to raise standards (Blythe, 2012). It is important for a marketer entering those countries to be cautious of what is accepted and what is not or in other words which products are allowed by law and what the quotas allowed are. Knowing what export support plans there are in ones country also helps to a large extent which support to seek from your government.

2.8.1 International packaging considerations

Products are used in different ways across the globe. The same product in a company’s home country could be used entirely different at the destination country they intend to export to. There are cultural differences and this plays a role on whether a product succeeds in another country or not. This also means that packages should be designed in a way that is not only attractive but also accepted in the target market. What is attractive in the home market may be unattractive in the target market (Czinkota and Ronkainen, 2010, 104,333).

Elements about a package such as the size, colour, shape etc. should be considered very important when making packaging decisions on international markets. Consideration should be given to the cultural differences and if possible, packages are adapted to the country’s culture in order to make it more appealing to the consumers
there (Czinkota and Ronkainen, 2010, 104,333). Whereas those in the west for example the US, prefers to buy in bulk and hence it is advisable that the bigger packages are designed for them, Japanese prefer to shop in bits, and hence smaller packages are advisable. There are dynamics that suggests that even though there are common customer characteristics across the globe, it is very important to understand the differences and tackle them from that angle and knowing that one size never fits all.

2.8.2 Packing for the export market

Packing is a very important aspect when it comes to the transportation of products from one country to the other. The use of very economical but yet efficient packages is very crucial for minimizing cost when shipping them abroad. It helps to reduce the amount of money needed to clear at the customs. There are also many things to consider when packing a product for shipment. The product involved, the country in which the product is destined to, and other aspects that will have either a direct or indirect impact on the product. Products that are perishable require even more care when they are being packed en route to the country of destination.

Some products may take very long time to reach their destination marketers. This means that more protection should be given to contents of the product. Knowing the kind of product and the distance plus the mode of transport could inform adequately the type of package that is suitable and this will reduce the risk of damage to the product (Czinkota and Ronkainen, 2010, 331-333).

There are strict laws in some countries concerning what type of material is needed for packing some products. An example is Germany, where only recyclable packing and
Packaging materials are encouraged to be used by exporters who ship goods to the country. It is therefore very important for that exporter shipping goods to a country like Germany to be critically aware of this development so that their products are not returned or seized upon arrival (Albaum et al, 2002).

2.8.3 Relevance and meaning of colours on a package

Knowing the uses of colours on a package cannot be ignored or overlooked considering the fact that customers across the globe interpret colours differently and the wrong use of a colour could mean more sales or no sales at all. Here in table 3 are some colours and their basic symbolisms and in which area of products it best fits.
Table 2 The colour wheel of branding and packaging

<table>
<thead>
<tr>
<th>Colour</th>
<th>Symbolism</th>
<th>Products it best fits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red</td>
<td>Colour for power, energy, passion and sometimes danger</td>
<td>Products which are linked to speed, power or dominant brands</td>
</tr>
<tr>
<td>Orange</td>
<td>Adventure, attracts attention</td>
<td>To convey values and discounts, stylish products and attributed to the young</td>
</tr>
<tr>
<td>Yellow</td>
<td>Sunny warmth and cheeriness/happiness, wisdom and intellect</td>
<td>Products linked to sports and social activities, products that are attractive</td>
</tr>
<tr>
<td>Green</td>
<td>Cleanliness, freshness and renewal and environmental friendliness</td>
<td>Recycled products and brands associated with health and good wellbeing.</td>
</tr>
<tr>
<td>Blue</td>
<td>Security, efficiency, productivity and clearness of the mind</td>
<td>Popular colour in corporate use. Works well for products used for cleaning and for personal use.</td>
</tr>
<tr>
<td>Purple</td>
<td>Symbolises nobility and wealth.</td>
<td>Luxury brands. More popular with females of all age groups.</td>
</tr>
<tr>
<td>Pink</td>
<td>Girlish colour associated with warmth, peace, soft and comforting</td>
<td>Personal care products and baby products as well. Also associated with sweets and sugary products.</td>
</tr>
<tr>
<td>Brown</td>
<td>Strength, earthly colour and signifies independence and honesty</td>
<td>Works best when blended with other colours</td>
</tr>
<tr>
<td>Black</td>
<td>Classic and strong</td>
<td>Denotes power, luxury, sophistication and also authority and is suitable for the marketing of any product.</td>
</tr>
<tr>
<td>White</td>
<td>Represents pureness, cleanliness and even innovation</td>
<td>Marketing organic foods and for personal use care products as well.</td>
</tr>
</tbody>
</table>

Source: adopted from Kotler and Keller (2012), pp. 369

The above table shows the general understanding given to colour and what they symbolize. There is a need of the marketer to understand these colours and what they stand for or symbolize. Even though it can be given a general symbolism, the international environment may respond to the meanings differently. There is however the cultural aspect to these colours and should be understood well enough so that when tailoring packages, mistakes are avoided.
2.8.4 Standardization or adaptation: which way to go?

The same way products are strategized to either an adaptation model or a standardization model so can the package be also strategized. Marketers must make that decision on whether to standardize their packages in all the country markets they are present or to handle it the other way round, that is, to design the packages tailor-made to conform with the individual country characteristics. Both standardization and adaptation have got their advantages and disadvantages and it is up to the company to decide which way to go ad whether it is in line with their objectives or not.

According to Czinkota and Ronkainen (2010), firms may standardize due to some key drivers. They may include the organizations goal of enjoying economies of scale on the entirety of the products produced which packaging cost is included. It could also be due to the fact that they want to enjoy economies of scale in product Research and Development or in marketing. The shrinking of the world’s market place into a more homogeneous place could be another reason to standardize. The other drive is as a result to intense global competition.

On the other hand, there are some reasons also that push some other organizations to adapt. These include the differing use conditions of certain products. Another reason is due to the government and regulatory demands that should be met. Because different consumer behaviour patterns exist, some firms will want to adapt to meet those differences. One other important reason is when firms are forced to adapt because there is very intense local competition in the importing country (Czinkota and Ronkainen, 2010).
There is a very important formula that most firms use in order to serve their different customer groups around the world. This is the use of Multilanguage packaging. In this case the only major change on the product’s package is the language. The package is labelled in different countries in order to meet language requirements from those countries (Albaum et al, 2002). For example, a company that exports products to Germany, France and Finland would have to label differently the same product in those languages, which in this case is German, French, Swedish and English. However, it is cost effective to pick one package and label design and just include all those languages separately on the same label. The only thing to do is to translate the same information into all these languages. Significant amount of money is saved using this kind of approach into the international markets that the company serves.

A company can sometimes only consider adaptation if it wants to succeed internationally. This is because there are laws in foreign international markets that will force one to adapt. There are different laws on what kind of can, bottle, size of package, kind of packaging material and other related issues which should be adhered to before entering those countries. In this case, there is no other option for the marketer than to just adapt in order to make some significant inroads in that country (Cateora and Graham, 1999, Grundey, 2010). For example, some countries by law do not allow the use of such words as “jumbo” or “giant” (Cateora and Graham, 1999, pp 371) to describe the size of a product. It is preferable by law that the actual size either in kilograms or litres, which ever the case may be is used for such size descriptions. It is therefore advisable that the marketer understands these differences and creates unique packages that conform to these laws and regulations which could be challenging sometimes.

Product packages can be individualized to meet specific needs of a group of customers in the foreign market. It is considered as one of the cost saving ways to
adapt a product to foreign markets that will still make them suitable and appealing. The same product can be marketed to different country markets with changes made on only the package. This presents the same product in different forms and ways that could be the preference of customers in those markets (Albaum et al, 2002).

**Fig. 3 Strategic Adaptation to Foreign Markets**

![Diagram showing the relationship between degree of cultural grounding and need for adaptation.](image)

**Need for adaptation**

**Degree of Cultural Grounding**

**Industrial/technology intensive**  **consumer/nondurable**

**Nature of Product**


Figure 3 explains when and why a firm should adapt its products to meet country specific needs. If there is a very high degree of cultural grounding in the export country, it is important and advised that the need for adaptation is necessary. On the
other hand a low degree of cultural grounding with a consumer or non durable product will require a low level of adaptation of the product.

Czinkota and Ronkainen (2010) argue that only a country or countries that require a little or no modification are targeted by some organizations. With this regards it may suggest that little or no real effort is spent on product design and modification to the exporting country or countries. This same approach could be adapted to packaging decisions in the global market. A package would not have to be modified that much or not modified at all to meet those targeted customers.

Choosing a strategy on whether to standardize or adapt is a decision to be made by the organization based on its overall objectives and goals. However, issues such as technological advancements could also force an organization to adapt or standardise its packages to meet international appeal and standards. There is no one best approach when it comes to packaging decisions in the international arena. Another reason also is due to the fact that preference for different package materials is also very evident and poses a challenge to the marketer on what to choose for which country market. Package materials are used differently across the globe so is the size and internal package of products (Albaum et al, 2002).

2.9 The Linkage Between packaging and export performance

The overall export performance of an organization depends on a couple of things. Its export performance is mostly affected by its own activities which may include its policies, the markets in which it operates the industry and to a large extent the strategies it adopts for its exporting activities. The export strategy is the determinant to whether the company adapts to the local market patterns or not, and to what extent
they do that (Albaum et al, 2002). This has a total effect on how they perform in those markets.

Packaging plays a very critical role when exporting of a company’s products is concerned. This is because it is the package that helps the product to sell in the market abroad with the complement of a good marketing strategy. A package that does not meet the legal requirements of the market abroad is up for a very big challenge and might in so many instances not succeed at all. Only products with packages that meet legal regulations and are attractive help to boost sales abroad. A package that appeals to customers the most is the one that makes the most sales in the market. The right packaging plan and strategy is the key to breaking the competition abroad and making the best sales possible.
3 RESEARCH METHODS

3.1 Introduction

This chapter is going to deal with the research method that was used for gathering the empirical findings. It explains the techniques that were adopted and why they have been used for the purpose of gathering the data.

3.1.1 The Research Method used

The research method that was used for gathering the empirical data was the qualitative method. Kent (2007) explains qualitative research to be any research that is intended to get a deeper insight into a research object. This method was chosen because there were two case companies involved and since a comparative analysis was to be made, it was very important to get a deeper understanding about the topics being researched into. It was used to get understanding into some of the “how”, “why” and “what” questions and to get not only the answers but the main reasons behind the answers that were given by respondents. The fact that only two companies were being analyzed and with only two questions, this research method was more appropriate in getting the desired results. Qualitative methods are better used when the sample size is small and a more thoughtful and insightful data is required.

The data collection method was through face-to-face interviews guided by a questionnaire in order to get the respondents answering the same questions so that a good comparison could be obtained. The face-to-face nature was to also get the emotional sentiments expressed in answering of the questions put forward to the respondents.
3.1.2. Sampling and sample size

Sampling is defined as the process used in obtaining a sample or a selected quantum from a population (Business dictionary.com, 2013). A judgemental sampling technique was employed because in the view of the researcher, the marketing managers of both companies were the right people to answer to the questions designed to obtain the intended answers (Malhotra et al, 2012).

The sample size that was interviewed was limited to only the marketing managers of the case companies. The overall sample size was two. This is so because the research was focused on their field of expertise and they were the right respondents to give a good insight into the questions under research.

3.1.3. How data was gathered

Data was gathered from various sources to obtain the needed information. Both primary and secondary sources were used. In gathering the theoretical evidence, secondary sources were used. This is because there was data already available from both book and web sources on the subject under review and due to the time factor, it was necessary. Data from journals, books and the internet were widely used.

On the other hand, a combination of both primary and secondary sources was used to gather information for the empirical part. The secondary sources were from the web pages and magazines of the case companies and other related bodies whiles the primary source was through the face-to-face interviews that were conducted on the case companies.
3.1.4. Reliability and Validity

To ensure that the answers to be obtained became valid, a pre-testing of the questionnaire was conducted. Some students selected from my school to assess whether the questions were easily understandable and whether the instrument used would help measure what it is supposed to measure or not.

The respondents chosen have a very good insight into the dealings of the case companies and as such are trusted to provide only true answers and therefore their answers could be relied upon and validated as well. Therefore by applying the same path and approach by any researcher in the future, the same results could be guaranteed to a very high extent.

3.1.5. Data Analysis

For a very good analysis of the data gathered, painstaking effort was applied to write down some very important views that were given by the respondents. The presentation of the analysis was carried out the same way as it was obtained with the inclusion of objectivity and transparency. The findings were also analysed in comparison to the already researched theories that have been gathered by the researcher.
4 EMPIRICAL FINDINGS

4.1 Introduction

This chapter will deal with a brief background of the case companies chosen for the thesis and country information about Ghana where they are located. The companies are Kasapreko Company Limited (KCL) and Gihoc Distilleries Company Limited (GIHOC). Both companies are Ghanaian own companies who have operations in Ghana but do export some of their products abroad to other international destinations.

4.2 A brief about Ghana

Ghana is a democratic nation located on the western coast of Africa, sharing boundaries with the republic of Togo to the eastern part, Cote d’Ivoire to the west, Burkina Faso to the north and the Gulf of Guinea to the south. It is considered to be one of the most peaceful countries in West Africa and due to this it is often called the “island of Peace”.

The current population of Ghana is 24,965,816. It is considered to be an agricultural state and about 60 percent of the population are employed through the agricultural sector and it accounts for 37 percent of GDP. Its major exports include Cocoa, gold and lumber. Since it is a former colony of the British, Ghana has adopted English as the official language (Ghanaweb, 2013). It has had a growth rate of about 8 percent spanning the past five years and this is as a result of a stable economy and improvements in economic freedom with much focus on the expansion of the private sector which it considers as an engine of growth. The Total GDP is $74.9 billion with a per capita income of $3,083. The country has continually welcomed foreign investors to help expand the industries except in some key areas of the economy. The overall investment process has over the years lacked some efficiency and
transparency. Ghana belongs to some international economic bodies such as the Economic Community of West African States (Heritage.org, 2013).

4.3 The alcoholic beverage industry in Ghana

4.3.1 How alcoholic beverages are packaged in Ghana

There are different types of alcoholic beverages that are produced in Ghana. Some are brewed in the traditional ways which is by manual means and others are produced using modern technology. There are still some which are produced using a blend of both the traditional and modern technologies. The same is to do with how the packaging is done. There are various packaging materials and forms that are used for the different types of alcoholic beverages that are available.

Locally produced traditional alcoholic beverages and spirits such as akpeteshie, which is brewed from the palm tree, palm wine, also from the palm tree, pito, brewed from sorghum, a grain grown in the northern part of the country are often stored in big pots and barrels as a tertiary package for transportation. They are packaged in gallons and bottles of different sizes and are mostly not labelled. They are served in half cut calabashes or cups. These types of locally brewed traditional alcoholic beverages are packaged today just as they were packaged by the ancestors of the current generation. The same methods of brewing and packaging have been preserved till today with only very insignificant changes or modifications made to them.

On the other hand, other alcoholic beverages than the traditional ones which are produced by the bigger factories are brewed and packaged with modern technology. These are in the forms of sprits, liquors, schnapps, bitters, beer and cartooned wine.
These are packaged in plastic Polyethylene teraphthalate (also known as PET bottles), glass bottles and sachet rubbers mostly. The size of the sachet rubbers is mostly 30 ml and that of the bottles range from 50 ml to 750 ml. Paper packages are rarely used for the packaging of alcohol in Ghana except for the foreign brands that are introduced into the country.

Unlike the traditionally produced alcoholic beverages, the modern ones from the factories are labelled according to the brands they represent. This is because there are many companies producing alcohol and hence, there is a very strong competition in this sector and means that only strong and known brands do survive the long term. As a result of this, more effort has been made by the various manufacturers to produce packages that are very attractive and modern. This result has been achieved only by a few companies in the sector due to lack of funds and the desire to imitate other competitors’ packages rather than innovate new ones themselves.

4.4 Introduction of Case Companies

4.4.1 Kasapreko Company Limited (KCL)

Kasapreko Company Limited was established in 1989 as a private enterprise with only four (4) workers on start up and has grown from a cottage industry into a local multinational company. The company now has over 160 employees working in Ghana and employs more than 2000 workers indirectly. It currently has about 50 percent command of the Ghanaian market share in the liquor industry and exports about 30 percent of its flagship brand, Alomo Bitters, into the Nigerian market which is its main export market. In total, about 32 percent of its products are exported abroad. It started direct exports about a year ago.
The company was the first of the local manufacturers of liquor to establish a quality control and product development division into their operations. Quality is an ongoing process in the company with training and development following closely. It has all of its products under one brand name which is *Kasapreko*. In total, there are 15 brands that the company produces to the general market. The products Kasapreko produces includes Kasapreko Alomo Bitters, Brandy, Cardinal Liqueur, Cocoa Liqueur, Dry Gin, Kasapak, Lime Cordial, Ogidigidi, Opeimu Bitters, Kasavino, Tonic Wine, Kalahari. The company has several distribution outlets across the ten regions of Ghana and is a very strong and known brand nationwide.

4.4.2 Gihoc Distilleries Company Limited (GIHOC)

Gihoc Distilleries Company Limited also known as Gihoc Distilleries was the first modern distillery to be started in West Africa. It was established by the pre-independence Industrial Development Corporation in 1958 just a year after Ghana attained independence. It was established primarily to manufacture alcoholic beverages and became a part of the then Ghana Industrial Holding Corporation in the year 1968.

In the year 1980, it was re-registered and incorporated as a Limited Liability Company and is wholly owned as a subsidiary of GIHOC and it is a government owned company. It has over the years manufactured various alcoholic products for both the local and the international markets and known as a leading brand in Ghana with very huge patronage by the local people. The company has several brands and the products are blended and bottled with 40 percent local raw materials. The products conform to very high international standards and one of the most successful international brands of the company is the Takai brand which is made from a blend of coffee and cocoa. Some of the products produced by the company include the Takai
brand, Lawyer Dry, Castle Bridge, Mandingo, Herb Afrik, Chevelier Brandy, Kaiser Imperial Aromatic Schnapps. There are several distribution outlets of the company in Ghana spanning throughout the ten regions. The company currently exports about 2.5 percent of their produce to the international market. Before now, individual customers were buying and doing exports of the company’s product but it has started its own direct exports about two years ago.

4.5 Findings from Interviews

This thesis work was aimed at answering some very important questions about packaging in Ghana with regards to the alcoholic beverage industry in their exporting activities. After conducting an interview with two case companies, some answers were gathered and are presented in the manner in which they were given. The management of the case companies were asked some key questions about their exporting and packaging activities and their answers are compared below. For the purpose of anonymity which was promised the case companies, their real names will be hidden and instead the use of Company “A” and Company “B” will be used.

Both companies have been in operation for more than 20 years and are big players in the industry. They have brands that are market leaders in the alcoholic beverage industry and have been in direct exports for the more than a year even though they had customers exporting some of their products in the past.
Q1. What are the main factors influencing international packaging decisions in Ghana?

Case Company A

According to the case company in question, there are several factors that they consider before coming up with decisions on what package to produce and for what country to produce for. The findings indicated clearly that it is very important to always consider the market in which you are entering and take into account various aspects and characteristics of that market so as to come up with products that will appeal and if possible delight them.

One of the factors they consider in their international packaging decisions is the cultural sensitiveness of the market. According to them, cultural differences exist and as such it is very important to understand how culturally sensitive the international market is. This is because decisions concerning colour, package size and package type are some of the aspects of a package that drive customers to purchase a product. As such, creating packages that customers can culturally identify them with is a very good start to becoming successful in the said market.

Another factor they consider is the consumer purchase behaviours and lifestyles. Case company A believes that purchase behaviours and lifestyle of customers helps to know what style, size and package type to produce in order to attract them to the product. The next major factor they consider are the governmental regulations and controls that exists in the target country. There are regulations concerning package material to use, package size to produce, labelling information to give, and standards to follow and so on. All these must be adhered to in the package decision.
The final issue they take into account is the type and availability of distribution channel. The type of channel available will determine the secondary tertiary package to use and how to arrange for carriage from the factory warehouse to the destination customer’s place or receipt. It also determines what kind of packaging material to use that will survive the journey to the final destination.

Case Company B

On the same question above, these were the findings that were gathered from the second case company. They also mentioned that government regulations concerning packaging was one of the factors they consider before producing packages for international markets. Another thing they consider is the suitability of packaging materials for the products. They believe that since the products will be travelling very long distances, it is very important to consider that not only does the package suite the product but also suites the stress in which the product will undergo in the transportation process.

One other factor they consider is the cost of the packaging material to be used for producing the package. According to them, if a country requires a particular packaging material which they consider expensive then they do not find it attractive to enter. The last thing they take into account is whether consumers will accept the packaging material that is used or not. Some country consumers prefer beer in cans and not bottles, others prefer plastic disposable bottles, and some also prefer glass bottles. It is therefore necessary to consider which kind of packaging material would be mostly preferred.
It is quite clear that both companies understand the need to plan before entering a particular country with what type of package. Factors such as the governmental regulations and consumer consideration are seen as something that is important in their international packaging decision making processes. These could be said to be evident in order companies in the industry because they come up as top priorities that are considered.

Q.2 What package practices and strategies are employed in the international markets?

Case company A

According to case company A, they practice both standardization and adaptation in their international packaging activities. They do not use the same packaging strategies in their home country for that of the foreign countries in which they export to. In countries where culture is very strong, they try as much as possible to adapt where as countries that do not have a very strong cultural belonging, they standardize. They also adapt their packages with regards to the regulations that are operational in the destination country. This way, they are able to attract local consumers to their brands. Some aspects that are mostly adapted are the colour, language and size of the package. They focus the adaptation mostly on the secondary package of the product more than that of the primary. They however commented that the possibility of making changes in their packaging decisions and designs is always welcomed. Company A has always strived to improve upon their current packaging because they believe that the international market is more dynamic as compared to the local market and as such constant modification is needed in order to stay competitive as the time comes.
They gave two main reasons for constant improvement. Firstly, to meet and beat growing competition from both country and foreign spirits in the market. Secondly, deliver a bigger presence and appeal for the exported brands.

**Case company B**

With case company B, standardization is their hallmark. They believe that customers around the world are homogeneous and as such share a whole lot in common. As a result of this ideology, they do not change their packaging strategy except for language information. The same strategy for home market is what is used in the international market. They always look for the internationally accepted standards and conform to them. The company does not think changes should be done to their current packaging decisions and designs. This is because they believe strongly that their current packaging does conform to both international and local regulations and there is no need to change something that is already working effectively.

In regards to the above question, it is deduced here that the case companies interviewed have different forces that drive the kind of strategy they use abroad. Company B are more focused on enjoying economies of scale to its maximum whiles case company A is more focused on making more profits from their sales per product by trying as much as possible to tailor their packages to the tastes and preferences of their international markets. This is evident in the fact that company A invests very huge sums of money in research and development on a continual basis in order to make the best out of what they produce to the international market.
Q. 3 What are some of the challenges that are encountered with regards packaging?

Case company A

In the first place, company A did agree to the fact that there are challenges in the industry with regards packaging and especially those for the international markets. One of the challenges that immediately identified was the lack of consistency in the flow of supplies of packaging and packaging materials from current suppliers. They have been able to deal with this by creating an effective demand planning and inventory management system which assists them in alternating suppliers as and when the need may be. As such they rely on multiple suppliers. The second challenge they face is inconsistencies in package quality. Suppliers are not able to always give the same quality of package and this is not good for the image of their brands and the company as a whole. Another challenge is to do with design variation. The designs of the packages are not always the same and this does not show consistency. One final challenge the company identified was the fact that some of their packaging was still done manually. This has been tackled to some extent by investing into modern mechanized packaging systems that will improve upon operations significantly.

Case company B

Case company B also did acknowledge that there are some challenges in the industry when it comes to packaging. However, they commented that the major challenge they faced was to do with package material quality. There is a mostly issue with package material quality which are below the standards set by the company and as such have to be rejected several times. This sometimes results in production delays which in turn lead to the failure to meet customer deadlines. The company has tried to deal with this issue by working closely with suppliers to ensure that packaging materials
delivered meets the standards set and also produced on time to reduce delays in production.

According to both case companies, these challenges are faced by all manufacturers in the industry and as such something has to be done about it collectively. They believe that these problems are not ones which could be tackled individually since it affects all in the industry. Some reforms have been made by the government on tackling the above mentioned issues but very little improvements have been achieved over the years.

Q. 4 Do you think that packaging can maximize export performance?

Case company A

The manager did answer that yes it does immensely. They believe that consumers of today have unlimited access to product information and this means that only those products with packages that are attractive and with a high quality will win them. Customers will only buy products which they consider quality and attractive and as such the package has a very huge significance to either maximize export performance or not. Also, competing brands are consistently researching and improving on packaging standards and quality and this presents a very good challenge at the point of purchase.

Case company B

Case company B also considers that the packaging can help maximize export performance of their products and as such any product offered abroad. The manager did give comments that well packaged products are mostly associated with high
quality and this is what attracts customers to it. This in turn leads to bigger markets when products are accepted by them and it leads to more purchases, and this means more sales.

It is very evident from the above that companies in Ghana are aware of the significance of a product’s package and how it contributes to export performance maximization.

Q. 5 Do you consider your packaging to have contributed to your international sales and why?

Case company A

With regards to this question, case company A commented that yes their packaging has contributed to their international sales. They know that most destination countries have unique consumer behaviour patterns and their packages have been created to resonate actively within the markets consumption styles and occasions. This has played a very major role in their sales campaigns in those countries.

Case company B

Case company B also considers their packaging to have acted strongly on their international sales. They believe that it is their package that attracts the customers in the first place to place orders. According to them no attribute of the product does that well than that of its package. They believe that very good packaging of products shows that it is of high quality. Therefore their packaging plays a major role in their international sales activities and results.
The above answers prove the fact that most Ghanaian manufacturers not only in the alcoholic beverage industry but other ones as well know the significant role their packaging plays on their international export sales.

**Q.6 Opinion on Ghana’s packaging effectiveness and how it can be improved.**

**Case company A**

Much needs to be done even though there have been tremendous improvements over the years. On the issue of how the improvement should be carried out, they suggest that more resources should be put into acquiring the right technology for the production of quality packaging standards. Also, they believe that more focus should go into research work in order to come out with not only quality and attractive packages that meet standards but also cost effective ones that match the standards. Another way according to case company A is that, there should be a continual collaboration between the local producers and their foreign counterparts in the sharing of ideas and exchange of technologies in order to stay competitive in the international market.

**Case company B**

According to the first case company, most Ghanaian packages are poorly packaged and this results in their rejection on the international markets. Some companies however, do have very good packaging but a lot more has to be done to improve on the how effective they are on the international market.

On the issue of suggestions on how this problem could be improved, they believe that the organization of more seminars and training programs on the topic needs to be
done on a continual basis. This should centre more on the benefits of good packaging. They also commented that suppliers should be constantly monitored by regulatory authorities so that always the best standards will be met in order to resonate the costs.

It is easily identifiable from both companies that the packaging challenges in Ghana are still visible and that more improvements have to be made in order to solve the issue. This is a challenge that can be solved to a larger extent if the right approaches are considered and the up-to-date methods are employed.
5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary and conclusions

Packaging is a very important element in the life of every product. Not only does it act as a tool for attraction but also serves as a protective and informative part for the product. In other words, packaging serves as both a communication and a marketing tool. There are three basic levels of packaging which are the primary, secondary and tertiary packages (or shipping packages).

In recent years, instead of organizations seeing packaging as a cost element, it has become very clear that it is not but rather considered to be an element that brings in more sales. Due to this reason more resources and research have been directed towards creating not only packages that have quality and are attractive but ones which are cost effective as well. It is even more important when the issue of international marketing comes to bare. This is because products have to travel very long distances from the port of departure to the port of destination and this means that more care should be provided for products so they arrive as intended.

In marketing activities a package could be used in varied ways as a strategy to win more market share in the competition. The package can be altered to make it look different, its secondary use could be the main focus for promoting the product, and multiple packaging strategies can also be adopted in order to encourage more purchases from customers amongst other strategies. The element of packaging has not come with its own criticisms across the various pressure groups of businesses. Some have argued about how it has helped in the rapid depletion of the environment. Others are of the view that it is a complete waste of the resources of organizations considering the amount of money that is invested into packaging over recent times.
and this cost is always channelled down to the final consumer. Packaging is also considered as a deceptive instrument that lures customers to purchase products they may not have intended to buy.

It is evident from the research that the same approach is never the best for packaging strategies both home and abroad. This is because there are issues about sociocultural variations, economical differences, technological variations and political issues which are always different from that of the home country. All these issues pose as a threat to the marketing activities of organizations that operate outside their countries of production. Therefore, it is very important that marketers are aware of these challenges and create products that will conform to these changes and still make the needed impact in the foreign market. Standardization and adaptation are the two main strategies that are used by most exporting firms to reach their target customers abroad. Whereas others believe customers all over the world have similar tastes and preferences and as such producing the same product with same characteristics will not only satisfy them but this also saves more money to the organization. On the other hand, some marketers also believe that people are different across the globe and as such behave differently towards the same thing. Therefore, it is more profitable to adapt products to them in order to satisfy these differences that do exist. It has been proven that the former strategy does not work for all products and all countries. No matter what product it may be, there would be a little bit of adaptation to make. This could come in the form of colour change, language translations and even the type of font size to use also does count.

Ghana has got a lot of companies that export their products abroad. This study was however focused on the alcoholic beverage industry. The country is continually improving upon its growth in terms of economic and international presence. Packaging of traditionally produced alcoholic beverages are packaged in simpler
ways as compared to those produced with modern technology by companies. There are more strides by companies in the industry to make significant leaps in the international markets through the use of good and effective packages.

5.1.2 Conclusions

It was gathered from the research findings that packaging does play a very important role in the lives of products and that the manufacturers in the alcoholic beverage industry in Ghana are aware of this importance. Alcoholic beverages in Ghana are packaged mostly in sachet rubbers, glass and plastic bottles and come in sizes ranging from between 50 ml for the sachet rubbers and up to 750 ml sizes for the glass and plastic bottles. Also it was gathered from the research that most of the companies that are currently exporting alcoholic beverages started exports through customers and later entered into direct exports themselves after their products have been successful over the years.

The main factors that influence international packaging decisions of companies in Ghana include culture of the customers in the importing countries, behaviour and lifestyles of the customers, availability and type of distribution channels and also the cost of packaging material involved in producing the package. There was no single packaging strategy that is used by the companies in Ghana. Some prefer to adapt their packages to meet customer tastes and preferences where as others preferred to standardize their packages in order to enjoy enough economies of scale.

Companies in Ghana and specifically those in the alcoholic beverage industry are aware of the fact that there exists lot of challenges in the sector with regards packaging. Some of the issues they raised included inconsistencies in package quality
from suppliers leading to delays in production, inconsistencies in design, and the use of manual means to packaging products in modern times and poor package material quality as well.

The companies also are of the strong opinion that packaging can maximize export performance to a great extent. This shows why they are very interested to develop their packaging activities and focus on newer ways to package their products so that the best sales could be made out of it. They also agree that their packaging has contributed mostly to their international sales activities. To them, it is the package that attracts the customer to the product in the first place and therefore it is important to focus more attention on the product’s package.

They all believe that the effectiveness of Ghana’s packaging still lacks more and that more effort has to be put in place in order to increase the effectiveness. They have suggestions such as organizing seminars about importance of packaging, regulatory bodies should constantly monitor packaging manufacturers and also local international collaborations with foreign counterparts in the same industry.

To conclude, it is clear that indeed packaging does contribute in the maximization of export performance of alcoholic beverages in Ghana. Therefore, the need to focus attention on this topic and sector will be a very good boost to improving upon the sector and complementing the efforts of the government to increase its international exports immensely over the years to come. The reason why some products in Ghana do not make it big in the international arena is partly to do with the way products are presented. Companies within the packaging industry should understand these challenges and try to cooperate with manufacturers so that the right packages are
produced for the right market. This means that packaging is the way. Even though only two case companies were used in this research and that it does not fairly represent the whole sector, it is still information which can lead the way to understanding the importance of packaging and how the industries in Ghana can improve upon their packaging in order to make bigger impacts on the international export market.

5.2 Recommendations

5.2.1 For future studies

The time that was used to conduct this research was very limited hence the use of only two case companies. For more detailed information about this topic, it is suggested that more case companies are involved in the interview. This will not only give clearer picture about the true situation but will also improve upon the reliability about the results. A quantitative research about the perception of international customers could also be conducted alongside the industry players to get a fairer view about the markets in which they serve.

Also, future researchers into this field should try to expand the scope of the research to cover other aspects of the economy since this work only limited itself to the alcoholic beverage industry. In this way, more information will be available that will turn to solve not only packaging challenge and issues in the alcoholic beverage industry in Ghana but other sectors as well.
5.2.2 For the alcoholic beverage industry in Ghana

Based on the findings that were gathered in this research work, some suggestions have been considered for the case companies and the alcoholic beverage industry in Ghana. The first one is the fact that corporate organizations within the industry should focus on packaging as a strategic marketing tool and as such consider involving many resources into the research and development of their packages to make them more appealing to international markets. Through effective research and development work, international standards will be met and their international marketing efforts in turn, will be enhanced.

Another suggestion is that the industry players including the government should create a platform that would bring both local and international companies together in order aid in the exchange of ideas pertaining packaging and the industry. This way, the best ways will be learnt and put into practice to help develop the industry. More education on the importance of packaging and the fact that it helps to improve export performance should also be a key issue on the platform for discussion.

Lastly, the companies within the industry and other ones as well should try as much as possible to use the latest technologies for their packaging activities. This helps to easily conform to standards and keep up the competition on the world stage.
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APPENDIX I

Interviews

Respondent 1: Mr. Edmund Kwesi Blankson, General Manager, Kasapreko Company Limited. The interview was conducted at the premises of the company in Accra, Ghana in February, 2013 with the aid of a questionnaire.

Contact information: Kasapreko Company Limited, D.T.D no. 64, off Spintex Road Baatsona, Accra, Ghana. Tel: (233) 302-810956, (233) 302-814331.

Respondent 2: Mr. Owusu Ansah, General Manager, Quality Assurance, Gihoc Distilleries Company Limited. The interview was conducted at the premises of the company in Accra, Ghana in February, 2013 with the aid of a questionnaire.

Contact information: Gihoc Distilleries Company Limited, 2 Dadeban Rd., NIA. P.O.Box 7147, Accra North, Ghana. Tel: (233) 302-221411, (233) 302-221451
APPENDIX II

Questionnaire guide for interview

**PART I: background**

1. A brief background about your company?
2. How long has the company been exporting products outside Ghana?
3. In your opinion, has the company’s products been competing strongly in the international market?
4. What is the percentage of company’s produce that is exported abroad?

**PART II: packaging practices and strategies**

5. What are some of the factors that you consider when packaging for the international market(s)?
6. How different is your local packaging strategies to that of your international packaging strategies?
7. a) In your international packaging decisions, do you practice standardization or adaptation?
   b) If you answered yes or no, why?
8. a) If possible, would you make changes or modifications to your current packaging?
   b) What is the reason for the answer above?
9. a) Would you consider your packages as environmentally friendly?
   b) Please give a reason for your answer in question 9 a)

**PART III: challenges**

10. What are some of the challenges the company encounters with regards packaging?
11. How can those problems mentioned above be solved in your opinion?
PART IV: General

12  a) Do you consider your packaging to have contributed to your international sales?

b) If you answered yes or no, why?

13  A) Do you think that packaging can help improve your export performance?

b) If you answered yes or no, why?

14  In your own opinion, what is your comment on Ghana’s packaging effectiveness? How can it be improved in your opinion?