

The impact of printed nutritional labeling on consumers marketing essay



Labeling is defined as printed information or written text on the container of the product or it can be define as a subset of packaging (Prathiraja & Ariyawardana, 2003). In food industry, labeling might just includes the name of a brand, name of a product or logo but mostly it includes variety of information about a product like nutritional information, manufacturing date, expiration date, method of usage, contacts etc along with brand name, product name and logo. A label is one of the points of contact between producer and purchaser and is also a part of producer marketing plan (Prathiraja & Ariyawardana, 2003). Labeling make consumers aware about any unique characteristic of the food, its nutritional properties, the way to use and how to preserve, all of these are of the utmost importance when buying, since the consumer has the opportunity to make purchasing decision (Senesi, Nayga, Gómez, Palau, & Ordoñez, 2006). The items that consumers are most likely to read are price, preparation, manipulation and preservation of products. In another study items found that were read mostly are calories, fats, sugar and fiber contents (Godwin, Henderson, & Thompson, 2006). Information on a food label is found to affect a customer purchase behavior significantly. Nutritional information might make easy label use by increasing its benefits and by increasing the effectiveness of their use, thereby reducing the cost of using them. Nutritional information plays a significant role in providing relevant information to consumer through which the purchasing behavior varies (Prathiraja & Ariyawardane, 2003). The level of awareness and the purchase decisions are compared across different socio-economic groups. Many investigators have also found that the interest in reading the food labels increases with age up to the mid-fifties, and thereafter it decline (Sushil Kumar & Jabir Ali, 2011). The food printed label includes different

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information but it is found that nutritional value is one of the important information for customers.

The Problem:

The purpose of the study is to identify the factors that affect the nutritional food label in relation with the income of the consumers with respect to their social level, while secondary objective of the research is to identify the characteristics of consumers and the extent of knowledge concerning nutritional value (senesi et al, 2006). Moreover this research helps to find the relation between printed nutrition value on packaged food product and the consumer buying behavior and brand preference. Consumers will choose better food products if they understand and use the food labels (senesi et al, 2006). The study explores the complex relationship of nutrition knowledge and consumer buying decision (Drichoutis, Lazaridis and Nayga, 2006). The study can help to determine that printed nutritional value on packaged food products is essential for the customer buying decision or not. In the context to nutritional labeling, many customer switch towards other products after reading printed nutrition value such as fat, calories etc. The study also identifies those nutrition values which have a negative effect on consumer buying behavior.

The research problem of this study is:

“ The impact of printed nutritional labeling on consumer buying behavior.”

Objective of the study:

To analyze the impact of printed nutritional labeling on consumer buying behavior.

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Sub Objectives:

To examine the impact of printed nutritional labeling according to the gender of respondents.

To identify how different age group respond to products with nutritional labeling.

To analyze how educational level affect the buying behavior.

To study the impact of house holds income towards buying products with nutritional labeling.

Justification:

By the research we will get to know how nutritional fact printed on packaged food will benefit each stake holders:

The biggest advantage for consumers will be satisfaction as the product is tested under certain standards. They will feel that the product is healthy for them.

Consumers will get the advantage of time saving as they don't have to search and find out whether the product is safe or not.

It will be beneficial for consumers who are health conscious and individuals who are on special diet recommended by doctors.

Consumers can use health claims, which appear on the front of food packages, to recognize foods with positive nutritional qualities related to risk factors.

Printed nutritional labeling will serve as a great way of promotion for the producer as it will provide their product image as safe and healthy.

The producer will have its own unique product identity.

The producer will get the competitive advantage as they will retain the loyal customer, reducing lost customers and attracting new customers.

Competitors can also get benefit from this as they will get the idea that it is one of the best ways of attracting and retaining consumers.

Limitations:

Our study will only consider the impact of gender, income, age and education level towards consumer buying behavior of nutritional products. We are only focusing on those food products that have printed labeling on them.

Scope:

This research will be a study of Karachi, Pakistan. We will get the forms filled by middle and upper middle class visiting the malls and various supermarkets. We will ask them whether their preferences changed after reading the nutrition fact.

Assumptions:

Our assumption is that all the economic indicators will remain same as well as the pattern of buying behavior. This assumption is made so that we can have result that is based on complete objectivity. We are also assuming that the nutrition facts printed on the label of the packaged food are correct

Definitions of key terms:

Products/packed food: Ready to eat items that are available on shelf such as snacks, drinks, chocolates, dairy products, bakery items, and etc. this also includes items that are half cooked (frozen foods).

Nutrition label: It is a label that is found on the package of the food, that provides information about the nutrition facts of the food i. e. calories, sugar, carbohydrates, fat, protein and etc. it also includes list of ingredients that are used to prepare the packed food.

FDA: Food and drug administration, it's an agency in US that makes laws and regulations regarding food safety. It is responsible for protecting public health through formulation of policies and insures compliance by the companies.

Nutrients: These are essential chemical that are required by body to build and repair the tissues and regulate the body mechanism. The nutrients are converted into energy which is utilized by the body for proper functioning of the system.

Diet: it is the total amount of food consumed by the individual.

Food label: A panel found on a package of food which contains a variety of information about the nutritional value of the food item.

Consumer awareness: The understanding by an individual of their rights as a consumer concerning available products and services being marketed and sold

Influence: power of making decision, authority to make choice.

Nutritional labeling: Nutrition labeling is information found on the labels of prepackaged foods.

Prepackaged food: prepared and wrapped beforehand and ready for sale; “prepackaged foods”

Packaging: Packaging is defined in the regulations as “ all products made of any materials of any nature to be used for the containment, protection, handling, delivery and preservation of goods from the producer to the user or consumer.”

Education level: development of knowledge

Brand switching: it is also known as brand jumping. It the process of choosing to switch from routine use of one product or brand to a different but similar product. Much of the advertising process is aimed at encouraging brand switching among consumers, thus helping to grow market share for a given brand or set of brands.

Hypothesized: to form or assume hypothesis

FDA (Food and drug association): It is US association of health and human service which is responsible for protecting public health through the regulation and supervision of food products, tobacco products, dietary supplements, prescriptions and over the counter pharmaceuticals.

Stigler's (1961) approach (cost/benefit): this approach deals with consumer behavior when consumers are involved in activities for searching of products that are beneficial with respect to the cost involved in it that is money, time etc for different alternatives of products available in the market.

Prestige sensitivity: the tendency to make attributions about other consumers, or to be sensitive to attributions made by other consumers, on the basis of the price level of purchase.

Price-quality perceptions: perceptions are influenced by cues that reinforce the validity of using price to imply quality.

Perceived quality: it can be defined as the customer's perception of the on the whole quality or dominance of a product or service with respect to its proposed reason, relative to alternatives.

Statutory controls: Laws related to specific affairs of the country in order to maintain its operations

MRC: MRC stands for Medical Research Council. The aim is to maintaining and improving human health with the help of research.

Research methodology:

Research Design:

This will be a quantitative research as we will see the buying behavior of our respondents and our focus will be on objectivity and accuracy. We will see whether nutritional labeling changes the preference of consumer buying behavior or not.

Procedure:

A number of steps of our research are given below:

Research approach: survey approach

Instrument: questionnaire

Data source: Primary and Secondary data

Prepare close ended questionnaire for the middle and upper middle class segments

The approach use for this research will be personal and Consumers who read labels before purchasing of products will be the respondent of our questionnaire

We will get the forms filled by local consumers visiting the malls and various superstores

The questionnaire will be filled by the consumer during their shopping so that the respondent will able to fill out the actual status of their shopping.

We will make sure that there is no confusion and the research objectives are easily comprehended by the respondent.

Population:

The source of data collection will be primary. The middle and upper middle class of Karachi buying products that have nutritional labeling on them. The research included 50% male and 50% female respondents, as both male and female buyers are involved in purchasing decisions of packaged food

products (Prathiraja & Ariyawardana, 2003). The respondents' age lies in the range of 15 to 60 years above which helped in identifying different responses through wider range. The household monthly income level of buyers lies in the range from RS 30, 000- 100, 000 and above, to include middle-income and higher income group. The area of residence of respondents was also taken into consideration where buyers belonged to different areas of Karachi city like Defence/Clifton, KDA/Bahadarabad/PECHS, Nazimabad, and Gulshane Iqbal/ Gulastane-Jauhar.

Sample and Sampling method:

The method that we will use in sampling technique is non probability based which is convenience oriented and all the malls and stores that fall under the range of our convenience will be counted. This technique is used because we want to reduce time constraints, unnecessary delay in the research and want easy access to the right information from our respondents. The sample size for this research will be 150 consumers.

Instrument selection:

The source of data collection will be primary as we will ask the respondents to fill the questionnaire. For this research the method of data collection will be questionnaire and the questionnaire will be in close ended form. Their answers which will be related to their experiences and knowledge will be studied and checked based on statistical tests to derive the conclusion.

Variables:

This research focuses upon two variables which are nutritional labeling and consumer buying behavior. The purpose of the study is to identify the factors

that affect the nutritional food label in relation with the income, education, age, gender of the consumers with respect to their social level, while secondary objective of the research is to identify the characteristics of consumers and the extent of knowledge concerning nutritional value (Sushil Kumar & Jabir Ali, 2011) . Moreover this research helps to find the relation between printed nutrition value on packaged food product and the consumer buying behavior. Consumers will choose better food products if they understand and use the food labels The study explores the complex relationship of nutrition knowledge and consumer buying decision (Drichoutis, Lazaridis and Nayga, 2006). The study can help to determine that printed nutritional value on packaged food products is essential for the customer buying decision or not. In the context to nutritional labeling, many customer switch towards other products after reading printed nutrition value such as fat, calories etc. The study also identifies those nutrition values which have a negative effect on consumer buying behavior.

Hypothesis:

To study the relation of printed nutritional value and consumer buying behavior, the following hypotheses were developed:

H1: Gender of the respondent has a positive impact on reading the printed nutritional value of packaged food products.

H2: Age of the respondent has a positive impact on reading the printed nutritional value of packaged food products

H3: Education of the respondent has a positive impact on reading the printed nutritional value of packaged food products.

H4: Average household income of the respondent has a positive impact on reading the printed nutritional value of packaged food products.

Plan of Analysis:

Through descriptive statistics method we will analyze the mean, standard deviation, and percentage of variables, for directing an initial generalized analysis and identifying the sample structure of this study.

Software employed:

The software we are going to use in this research will be SPSS. Microsoft Excel will be used if required.

Research schedule:

This research is completed in sixteen week time. First draft is submitted in the 3rd week of our semester. The proposal is submitted in the 4th week.