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**THE EFFECT OF PACKAGING TO SME's PRODUCT: PURCHASE  
DECISIONS, PRICE AND CUSTOMER LOYALTY**

**By**

**MUHAMAD FIRDAUS BIN ABDULL RAZAB**

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## **Abstract**

This study explores the effect of the new packaging for the SMEs product. This research looks the effect in term of customer purchase decision, price and consumer loyalty. This study was held at area Kota Bharu, Kelantan. A survey of the consumer around Kota Bharu was conducted to determine the significant and the effect of the packaging to the consumer purchase decision, consumer loyalty and also price. A total 200 questionnaire were distributed at Kota Bharu area. The finding shows that purchase decisions and customer loyalty are affected by the new packaging. Customer will react on these two variables if SME's products have a new packaging. But the others variables namely price, is not affected. Customer is willing to pay more even the prices increases after the new packaging. Since the result shows that consumer loyalty and purchase decision will affected after a new packaging, SME's manufacturers must alert about it.

## **Abstrak**

Kajian ini adalah mengenai pembungkusan baru untuk produk IKS. Kajian ini melihat kesan pembungkusan terhadap keputusan pembelian pelanggan, harga dan juga kesetiaan pelanggan selepas pembungkusan baru produk IKS. Kajian ini dilakukan sekitar kawasan Kota Bharu , Kelantan. Kajian terhadap pengguna di Kota Bharu telah dijalankan bagi memastikan terdapat hubungan yang signifikan dan juga kesan pembungkusan baru produk IKS terhadap keputusan pembelian pelanggan, harga dan juga kesetiaan pelanggan. Sejumlah 200 set soalan telah diedarkan sekitar Kota Bharu. Hasil kajian mendapati keputusan pembelian dan juga kesetiaan pengguna dipengaruhi oleh pembungkusan baru produk. Manakala harga tidak dipengaruhi oleh pembungkusan baru. Pelanggan sanggup bayar lebih walaupun harga meningkat selepas pembungkusan baru. Disebabkan oleh itu, dapat dilihat hasil kajian menunjukkan keputusan pembeli dan juga kesetiaan pembeli akan dipengaruhi oleh pembungkusan, oleh yang demikian pengusaha IKS haruslah mengambil perhatian jika mahu melakukan corak pembungkusan yang baru.

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## **List of abbreviation**

<b>Abbreviation</b>	<b>Meaning</b>
SME	Small Medium Enterprise
GDP	Gross Domestic Product
FMCG	Fast Moving Consumer Goods
IKS	Industri Kecil Sederhana

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## **Chapter 1 (Background and aims)**

### **1.0 Introduction**

A chapter 1 highlight on the explanation of the background study which is the main ideas on the scope of the study is clarified. After that, problem statement on this research is stated followed by the research question, objective of the study, significance of the study, limitations on conducting this study as well as the organization of the study.

### **1.1 Overview of SME**

#### **1.1.1 Rationale for standard definitions for small and medium enterprise (Approved for adoption by National SME Development Council on 9 June 2005)**

Presently, there is no common definition of small and medium enterprises (SMEs) in Malaysia. Different Agencies define SMEs based on their own criteria, usually benchmarking against annual sales turn over, number of full-time employees or shareholders funds. In addition, present definitions focus mainly on SMEs in the manufacturing sector. The establishment and adoption of standard definition for SMEs will facilitate better identification of SME policies and implementation of SME development programmed, and provision of technical and financial assistant. It will also allow better monitoring of SME performance and their contribution to the economy. The National SME Development Council has, on 9 June 2005, approved the common definition of SMEs across economic sector, for adaption by all Government Ministries and Agencies involved in SME development, as well as financial institutions.

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