

**COLOUR AS BRANDING AND VALUE
CREATION ON THE SMALL MEDIUM
ENTERPRISE (SME) FOOD SOUVENIR
PACKAGING IN BANDUNG, INDONESIA**

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UNIVERSITI SAINS MALAYSIA

2023

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CREATION ON THE SMALL MEDIUM
ENTERPRISE (SME) FOOD SOUVENIR
PACKAGING IN BANDUNG, INDONESIA**

by

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**Thesis submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy**

September 2023

ACKNOWLEDGEMENT

All praise belongs to Almighty Allah, the Most Gracious and the Most Merciful, for providing me with His blessing and courage to be persistent throughout this wonderful journey. This thesis could not have been finished without the assistance of many people, directly and indirectly, who deserve special mention.

My gratitude to Telkom University for giving me the opportunity to pursue PhD study and sponsoring my study.

My deepest gratitude to my supervisor, Associate Professor Dr Muhizam Mustafa, for guiding me throughout my study, providing constructive feedback, and ensuring that I stay focused and on track in completing this thesis.

My appreciation goes to all participants and key informants for their support and willingness to take part in this study.

Many thanks to all of the office personnel at Universiti Sains Malaysia and Telkom University for various forms of extended support and to my post-grad buddies for making this journey less lonely and giving me some fruitful ideas.

Last but not least, to my beloved family. I thank them for their unconditional love, prayers, support, and understanding.

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LIST OF ABBREVIATIONS

B-POM	Badan Pengawas Obat dan Makanan
CIE	Commission International de l'Eclairage
F&B	Food and Beverages
FMCG	Fast-Moving Consumer Goods
HCL	Hue, Chroma, Lightness
HSB	Hue Saturation Brightness
HSL	Hue Saturation Lightness
LE	Large Enterprise
PDF	Portable Document Format
PKS	Perusahaan Kecil dan Sederhana
ROYGBP	red, orange, yellow, green, blue, and purple
RKB	Rumah Kemasan Bandung
SME	Small Medium Enterprise
IPS	Institut Pengajian Siswazah
UKM	Usaha Kecil dan Menengah
USM	Universiti Sains Malaysia

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STUDY IN BAHASA INDONESIA (INCLUDING ENGLISH
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**WARNA SEBAGAI PENJENAMAAN DAN PENCIPTAAN NILAI
DALAM PEMBUNGKUSAN CENDERAMATA MAKANAN PERUSAHAAN
KECIL DAN SEDERHANA (PKS) DI BANDUNG, INDONESIA**

ABSTRAK

Reka bentuk pembungkusan makanan telah dipertingkatkan dengan ketara, membolehkan pelbagai warna yang lebih luas. Bagaimanapun, kebanyakan Perusahaan Kecil dan Sederhana (PKS) di Bandung masih kurang reka bentuk pembungkusan yang mencukupi dan kurang menarik. Masalah pertama yang dikenal pasti ialah penggunaan warna dalam pembungkusan produk membantu pengenalan jenama tetapi gagal memberikan nilai fungsi apabila didorong oleh nilai emosi. Kedua, penggunaan warna yang luar biasa untuk keterlihatan jenama tetapi memberi kesan negatif kepada jenama. Oleh itu, tujuan kajian ini adalah untuk mengkaji peranan warna dalam penjenamaan dan penciptaan nilai dalam PKS pembungkusan makanan di Bandung; untuk mengetahui sejauh mana persepsi warna (tidak) biasa dalam pembungkusan berbeza antara dua jenis pengguna yang berbeza; untuk menilai persepsi dan sikap pengguna terhadap penggunaan palet warna luar biasa dalam pembungkusan produk makanan PKS. Kajian ini menggunakan pendekatan kualitatif. Untuk pengumpulan data, beberapa kes kajian telah dibandingkan, temu bual mendalam, dan pengisihan kad telah dijalankan. Pendekatan analisis data adalah induktif dengan analisis tematik. Kajian ini juga mencadangkan aplikasi palet dalam pembungkusan makanan dan menyediakan garis panduan palet warna untuk pembungkusan makanan PKS di Bandung. Kajian ini memberi sumbangan penting kepada kesusasteraan reka bentuk dengan mencipta dan menyampaikan nilai kepada pengguna dengan menggunakan warna pada pembungkusan.

**COLOUR AS BRANDING AND VALUE CREATION ON THE SMALL
MEDIUM ENTERPRISE (SME) FOOD SOUVENIR PACKAGING IN
BANDUNG, INDONESIA**

ABSTRACT

The food packaging design has improved significantly, allowing for more diverse colours. However, most Small Medium Enterprises (SMEs) in Bandung still lack inadequate and unattractive packaging designs. The first problem identified are the use of colours in product packaging helps with brand identification but fails to provide functional value when driven by emotional value. Secondly, using uncommon colours for brand visibility but resulting a negative impact for the brand. Thus, this study aims to examine the role of colours within branding and value creation in SME food packaging in Bandung; to discover the extent to which the perception of (un)common colours in packaging vary across local and international tourists; to evaluate consumer perception and attitudes toward the usage of the uncommon colour palette on SME food product packaging. This study used a qualitative approach. For data collecting, a comparison of multiple case studies, in-depth interviews, and card sorting were conducted. Data analysis approach was inductive with thematic analysis. This study also suggests the application of palettes in food packaging and provides colour palette guidelines for SMEs' food packaging in Bandung. This study makes contributions to design literature by creating and communicating values to consumers by utilising colour on Packaging.

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

1.1.1 Bandung as a Creative City

Bandung is the capital of West Java Province, located on Java Island, Indonesia. A strategic vision for Bandung City called 'Greater Bandung 2020: Friendly and Smart' was created by the municipal government in 1999. Its municipal government has also positioned Bandung as a 'Service City'. Bandung's vision as a creative city puts great emphasis on economic health and environmentally sustainable human aspects, which therefore encourages its citizens to be productive and more creative. The UK-East Asia Creative Cities Forum located in Yokohama, Japan, in July 2007, in collaboration with the British Council was an important milestone in assisting the municipal government in developing its strategy. Bandung was selected to host the British Council's pilot project for the creative city in East Asia Creative Cities programme. The Bandung Creative City Forum (BCCF), an association and creative community forum in Bandung, was established in December 2008 following the 2007 Yokohama Forum. BCCF arranged a number of activities, such as the Helar Festival in 2008, 2009 and 2012, to highlight Bandung's creative potential. In addition, BCCF launched the Creative Entrepreneurship Network (CEN) in May 2009. The geographical position of Bandung also makes it a strategic centre for the creative industries (Maryunani, 2019b).

A further significant shift towards acknowledging Bandung's potential as a creative city was taken in 2015 when it became part of the United Nations

Educational, Scientific and Cultural Organization (UNESCO) creative cities network. 'The Network covers seven (7) fields of creativity: Crafts and Folk Arts, Media Arts, Film, Design, Gastronomy, Literature and Music (UNESCO, 2004). Together with Singapore, Budapest (Hungary), Kaunas (Lithuania), Detroit (USA) and Puebla (Mexico), Bandung was selected to become the creative city for the design sector (Maryunani, 2019b). Creative cities are innovative cities across many different fields, all approached by special studies such as geography studies, public policy , regional planning, economic growth as well as innovation management studies (Hidayat & Asmara, 2017). UNESCO points out that Bandung holds many workshops, conferences and festivals with many initiatives powered by the young population, encouraging creativity, prototypes and product design (Muftiadi & Raharja, 2018).

Bandung is regarded a creative city, where its cultural activities mix with social and economic activities. The growth of the creative industry in Bandung has a great potential because of its position in which academics, businesses, society the government and the media work together and collaborate (Herawaty & Raharja, 2018). The establishment as a Creative City was a supporting factor for creative economic development in Bandung (Raharja & Kostini, 2019).

Given the rapid growth of its creative economy, Bandung was designated by UNESCO as a Creative City in 2015 (Tresna & Raharja, 2019). Creative cities address urban communities' basic requirements and strive to increase society's prosperity, happiness, and quality of life. A creative city has residents with creativity, passion, capabilities, imagination, and other innovations that will act as an urban resource and boost the regional economy (Chan et al., 2019).

Bandung city promotes creativity, with 56% of its economic activity linked to design. The city has produced numerous high-quality local products, including bags, clothes, shoes, and various foods (Direktorat Jenderal Kekayaan Intelektual, 2023).

1.1.2 Small Medium Enterprises in Bandung

Combining SMEs and the creative industries can benefit an emerging economic development in Indonesia, which becomes a new type of Indonesian SME focused on creativity (Games & Rendi, 2019). SME and creative sectors develop along with Indonesia's economic growth. In this case, SME becomes both the object and the subject. In Indonesia, the majority of business entities are listed as micro to medium-sized enterprises (Jaswadi et al., 2015; Runde & Metzger, 2019).

SMEs in Indonesia have a great contribution to national economic growth and sustainability as they lead to improvement the Gross Domestic Products (GDP), employment, poverty reduction and community welfare (Adamowicz & Machla, 2016; Cahyadin, 2017; Darwanto et al., 2018; Fitriani et al., 2020; Raharja & Kostini, 2019). SMEs tend to grow more rapidly than Large-scale Enterprises (LEs). West Java, the province where Bandung is located, has a prosperous SME sector. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, the total number of SMEs in West Java exceed 1.49 million business units by 2022 (Santika, 2023).

Today many sectors of small and medium enterprises (SMEs) are involved in the creative industry sector, where the growth is very promising (Sasongko et al., 2018). Many studies (Darwanto et al., 2018; Hutahayan & Yufra, 2019; Runde & Metzger, 2019) argue that SMEs need to get more attention as data from the Coordinating Ministry for Economic Affairs showed that SMEs contribute about

60.5 per cent of GDP in 2022. Due to the pandemic, many Micro, Small and Medium Enterprises (MSMEs) experienced a slump. However, as of now, 84.8% of SMEs have returned to their normal operations (Kementerian Koordinator Bidang Perekonomian, 2022). Craft, culinary, and fashion are three subsectors of the creative economy that have become the mainstays of Bandung's post-COVID-19 economic recovery (Simbolon, 2022).

According to data from BPS-Statistics Indonesia (2020), the annual Production Growth of the Micro and Small Manufacturing Industry in 2019 for the food and beverages industry was 15.75 (rank no 3 of All Economic Activities based on the International Standard Industrial Classification (ISIC rev 4) (Dept. of Economic and Social Affairs United Nations, 2008). The food and beverage sector contributed the highest GDP at Current Market Prices among other manufacturing industries (IDR 1,012,959.8 billion in 2019). In addition, the distribution percentage of the food and beverages (F&B) sector is the highest among other manufacturing industries (6.40 % of total GDP in 2019). In 2019, F&B industry ranked 5 in the Growth Rate of Gross Domestic Product, following number (1) textile & wearing apparel, (2) paper products, (3) chemicals, Pharmaceuticals, and Botanical Products and (4) furniture manufacturing industry.

From the statistical data, the food and beverage SME sector is one of the leading business sectors for economic growth in Indonesia as its consistent and significant contribution to the Gross Domestic Product (Gustomo et al., 2019; Munawar, 2019) and can be made as a local speciality icon (Windharto, 2014). However, although SMEs in the food sector play a great role in the Indonesian economy, they have low competitiveness, as shown by the rise in food imports

(Hutahayan & Yufra, 2019). Competitiveness can be enhanced by speeding up innovation and accelerating creative destruction. However, study on the competitiveness of food SMEs is still scarce (Hutahayan & Yufra, 2019).

The Roadmap for Priority Industrial Cluster Development including the Snack industry (Kurniawati et al., 2020), but this area is still questionable because of the inadequate number and research methods (Hidayat & Asmara, 2017). Moreover, local food products must compete with the large manufacturer products in retail. They need packaging that can raise the souvenir product value linked up with the traditions or culture and easily identified with the place of purchase (Ho et al., 2020).

1.1.3 When SMEs Use Branding

Although some SMEs have realized the importance of proper food packaging products, some are still busy with production and sales, so they have not concerned about the appearance of packaging design. Some of the reasons include products being saleable even without a good packaging design, not having a budget for packaging design, not knowing how to make good packaging, and anxiety of decreasing consumers as the selling price will be perceived higher (Wahyudi & Satriyono, 2017).

Most SMEs still have inadequate and unattractive packaging designs despite good product quality. The inadequate packaging here is not just graphics but the selection of inappropriate and safe materials for food products, so the product's cleanliness is questionable. The prior study (Chan & Raharja, 2018) shows that the majority (62.2%) of creative firms have similar brand or product colour attributes.

On the other hand, products from large enterprises (LEs) generally have much better packaging as well as good material and quality control, ensuring that

products reach consumers in good condition. Large enterprises can even distinguish similar products or brand extensions with different packaging designs (Wahyudi & Satriyono, 2017). One of them is by distinguishing the colour of the packaging.

The Department of Industry and Trade of West Java Province, through the Regional Technical Implementation Unit of the Food, Manufacturing and Packaging Industry serves SMEs in West Java. The assistance and services are based on facilities and infrastructure utilisation, as well as product design and packaging consulting services to increase the product's added value so that they can have a competitive advantage, which in turn will support increased community welfare and local revenue. This unit supervises seven (7) units, including the Packaging Industry Development Service Unit (so-called *Rumah Kemasan*), which has provided services in the packaging and package design sectors since 2007 (Baperin AH2K, 2016).

Rumah Kemasan aims to improve the quality of packaging for SME products to get a better appearance and satisfy the requirements of the prevailing legislation by taking into account the target market segments to increase competition in local, national and global markets. SMEs who come to the *Rumah Kemasan* are given a brief introduction on how to use packaging machines, as well as a short training on making custom packaging and modification of paper packaging to be competitive without having to pay high production costs. Since 2012, 136 SMEs in Bandung City and Regency reported obtaining packaging design services and printing facilitation from this unit (Baperin AH2K, 2017). According to the interview with Mr Wisnu of *Rumah Kemasan* (2021), the issue many SMEs face is a lack of proper packaging; their packaging is still relatively simple, and as a result, they do not become confident to market their products more widely.

In addition, *Rumah Kemasan Bandung* (RKB), another private company founded in 2012 by Mohamad Firsan, focuses on serving packaging needs for SME products. Not only production but it also provides packaging design consultation services, product photo and branding media services. Even though SMEs have small capital, *Rumah Kemasan Bandung* suggests that SME products should not use improvised packaging (Republika.co.id, 2015). Therefore, this thesis focuses on two design areas: colour and labelling/ packaging design in the SME context.

1.1.4 SMEs Food Product Packaging Issues

As in the culinary subsector, Kartika Sari, Prima Rasa, Maicih, Amanda Brownies, and Makuta are some well-known brands of creative food products from Bandung that are often used as food souvenirs. Many tourists come to Bandung to spend time on a gastronomic trip. The food has a distinctive taste with a unique restaurant atmosphere at an affordable price (Chan et al., 2019). The food service industry is starting to bloom and become the city's hallmark (Manurung & Manurung, 2019). Food Souvenir Supports Tourism Industry in Bandung

This study uses the term food instead of culinary as it is more coverage of the offerings (e.g. farms, artisanal producers). In contrast, the culinary term “may have an exclusive or elitist ring sometimes” (Rachão et al., 2019). Local cultures can be assimilated by food tourism as they have been one of the most dynamic and creative tourism areas (UNWTO, 2017 as cited in Rachão et al., 2019). Creating a typical taste, scent, look, texture of a destination, food products are considered superior to ‘traditional’ souvenirs when tourists return to their hometown (Hazman-Wong & Sumarjan, 2016, as cited in Ho et al., 2020). Food souvenirs can be perceived as valuable goods; purchasing them gives prestige and social status from sociological aspects (Paraskevaidis & Andriotis, 2015). Bandung's creative industry consists of

SMEs which most foods products tend to be bought locally (Muftiadi & Raharja, 2018) and become a part of tourism (Hidayat & Asmara, 2017).

A study by Darwanto et al. (2018) reveals the most important to strengthen the SME's competitiveness is the business context. The solutions offered are packaging improvement, besides the design training and product innovation (Darwanto et al., 2018). In addition, it is possible to retain market innovation by packaging products superior to rivals (Hutahayan & Yufra, 2019). SMEs' food product packaging can support local branding as an attempt to improve their image (Windharto, 2014); the source of competitive advantage (Rundh, 2016) in the tourism sector; as well as to persuade tourists to buy (Ho et al., 2020). On a broader scope, packaging is an important marketing tool and can add value.

A finding by Rundh (2016) reveals how firms operate to develop a competitive advantage by packaging. They demonstrate the critical role packaging has in influencing design and delivering value to customers. It shows that packaging design has evolved into a crucial tool in developing a practical product concept and convincing customers to purchase it to achieve customer value.

Many SMEs in Bandung are confronted with the problems of marketing and financial performance (Darwanto et al., 2018; Fitriani et al., 2020; Hamzani & Achmad, 2016; Munawar, 2019). A major constraint faced by creative economy actors is domestic marketing about 41.89% (Badan Ekonomi Kreatif & Badan Pusat Statistik, 2017). In term of marketing, Windharto (2014) points out that SMEs in Indonesia has low ability in labelling and packaging related to design matter and printing cost. A study in Greater Malang revealed that up to 57% of SMEs surveyed

could not have well-designed packaging because of limited capital and skilled workers (Hutahayan & Yufra, 2019).

Packaging for SME products has an unattractive shape, appearance, and colour (Pulungan et al., 2018). In their study, Pulungan et al. (2018) observed that Malang's food souvenir - *apple pia* - has primary packaging made of plastic and secondary packaging made of duplex cartons. From the empirical research and field observation, SMEs need an improved packaging design besides the logo. Global competition in the market is increasingly challenging for SMEs to increase the quality of their packaging (Habyba et al., 2019).

Packaging adds value and has developed into a critical marketing tool for informing, communicating, differentiating, and building brands (Rundh, 2016). The key characteristics include material choice (packaging type), package shape (for pallet and shelf), colour (cultural adaptation requirements; the value attraction on the shelf), graphics (visual images or surface designs) and labelling (product detail, content and instructions) (Rundh, 2016).

Colour is a key aspect of packaging design. Colour can attract attention, differentiate from competitors, and influence modern market purchasing decisions. The key to understanding human behaviour is emotions, which should be incorporated into the design process (Gero & Milovanovic, 2020). Colour has also been suggested as one of the most potent visual elements in the packaging (Gong et al., 2020) that affects physical appearance (Küster-Boluda & Vila, 2020) and could attract shoppers' attention on the shelf or point-of-purchase (Luo et al., 2019).

This study offers evidence that when an unknown brand uses an iconic well-established brand colour (which is congruent with the product category) for its brand

communications, brand personality association can be leveraged to create its brand identity (Baxter et al., 2018). For instance, applying Coca-cola red as the advertisement poster for a new beverages brand may be more effective in forming fresh associations than a new banana chips brand since consumers are unlikely to associate the banana chip category as fresh. In short, the findings show that perceptions of brand personality made by an iconic brand colour can quickly transfer to new products from the unknown brand within the same product category.

There are two different strategies to meet consumers' expectations of colour (Garaus & Halkias, 2020). First, in a specific category, colours of new product packaging can comply with the colour set by the market leader (e.g. red for cola, blue for the mineral water category). Second, packaging colours may correspond to the intuitive meaning of colour for a given product category. Strawberry juice, for example, comes in red. Therefore, these products obtain colour associations that match a product category's natural colour.

Moreover, the intuitive meaning can be derived from the colour norm for a specific colour. For example, red is associated with love; thus, it is often used for romantic product packaging, whereas gold is associated with luxury, so many luxury products are in gold packaging. However, these are culture-specific as different colour associations come from different culture.

The colour identity includes a colour that a company designates for various promotions and uses as an official colour to create its brand image. The colour identity of the company not only acts as an instant identification of its brand but also of its quality and prices. Colour recognition can be a powerful and persuasive way to appeal to the emotions of their target consumers (Jin et al., 2019), and influence

expectations linked to taste perception (Angka et al., 2020). Red packaging might represent a hot and spicy flavour, pink as a sweet taste, and green as sour and salty.

A previous study (Habyba et al., 2019) on Javanese *jenang* (toffee-like) packaging attempts to determine the relevant design element and formulate the *jenang* packaging design to be used by the SMEs owner. First, they identify the packaging design elements to rank the relevant elements based on consumer perception, which are shape, brand, brand name's colour, image, material, and size. Second, from the packaging samples collected, they generated the formulation of *jenang* packaging design based on the customer perception, which was evaluated using Association Rules Mining (ARM). Finally, the study shows how Relief and Association Rules Mining can be used to create a customer-based affective packaging design. The result is ten rules to be used as the guideline to create packaging design with positive emotion by the SME owner.

Another study by Pulungan et al. (2018) on Malang's food souvenir (*apple pia*) has aims to determine the characteristics of premium pia packaging, figure out what technical response the SME should do, and design a new package that the SME might accept. The Quality Function Deployment (QFD) and the House of Quality method were used to develop the design of the *apple pia* packaging. They discovered that the packaging attributes (whats) include graphic design, shape, dimensions, capacity, resistance, and strength. In addition, the technical responses (hows) are attractive visual package designs, attractive colours, clear images and text, dimensions, ergonomics, a larger capacity, tear-resistant, and impact-resistant materials. The distinctions between the original and the new packaging design consist of the colour combination, illustration, packaging details and dimension.

The previous work by Abidin et al. (2014) assesses the understanding of food packaging and branding in the United Kingdom for Malaysian SMEs' food industry. The study uses a literature survey, questionnaire, semantic approach, and observations. In addition, this study also reveals evidence of the brand owner's semantic selection and global strategies closely related to consumers (Abidin et al., 2014).

Asri et al. (2020) study on SME Product Packaging in Malaysia to investigate the effect of packaging elements on consumer purchase intentions. The method used was a questionnaire (N=381), which contained seven sections (demographic profile, packaging colour, material, design, printed information, font style, and purchase intention), using 7-point Likert scales from Waheed et al. (2018). They found a substantial connection between consumer purchase intention and visual elements, whereas the font style contributes the most.

Brand identity has a positive impact on SMEs' brand performance. Validating and extending earlier contributions to brand identity study in SMEs, Muhonen et al. (2017) investigate how brand identity impacts SMEs' business performance. In addition, the model examines the role of brand orientation in the history of brand identity and suggests a gradual sequence from brand orientation to brand identity to business performance.

Muhonen et al. (2017) study SME brand identity: its components and performance effects in Finland. The brand identity has been conceptualised and measured as three interdependent aspects, i.e. brand vision, brand values, and brand positioning. Brand orientation, in turn, tends to drive the development of brand identity. The findings indicate that small and medium enterprises must develop their

brand identity to become an effective competitive advantage. Results indicate that the conceptual model for the customer (B2B vs B2C) and industry types (services vs products) is mainly invariant. They argue that SMEs should in fact, look branding to be as beneficial as its bigger counterparts. Their findings also prove that brand identity encourages business performance through its components (Muhonen et al., 2017).

Modifying products, establishing new ideas, and developing new products have become a common value for small and medium-sized enterprises. A prior study (Lita et al., 2018) on learning orientation, market orientation, and organisational innovativeness as determinants of the performance of SMEs' creative tourism industries in Indonesia argue that the market should be focused on understanding what consumers want. However, consumers who prefer unique Minangkabau products do not need a high level of innovation. The results indicate that to achieve and enhance innovativeness and organisational performance, SMEs should adopt the market orientation.

1.1.5 Colour as Packaging Visual Element

Colour is an interdisciplinary study. Not only addressed by art and design but also by other sciences such as marketing, human behaviour, psychology, chemistry, physics, and computer science. Previous colour studies have been explored by researchers from various backgrounds and expertise. The Institute for Color Research reveals that people make an unconscious evaluation on a person, environment, or object within 90 seconds of first viewing; and that between 62% and 90% of the assessment of product is based on colour (Adams & Stone, 2017; Karthikeyan & Joy, 2018).

Colour becomes the key and first element in designing packaging (Garaus & Halkias, 2020; Hartanti & Nurviana, 2020); provide information about a product's attributes to the consumer (Baxter et al., 2018; Spence & Velasco, 2018); deliver meaning effectively (Baxter et al., 2018; Jin et al., 2019); distinguish a brand from competitors (Baxter et al., 2018); improve brand visibility (Juwaheer & Sahye, 2019), stimulate consumers' attention and emotions that lead to purchase decision (Beneke et al., 2015; Jin et al., 2019; Schuch et al., 2019; R. K. Singh, 2018) up to 90% (Heidari-Moghadam et al., 2019). Consumers can evaluate the search attributes (i.e. colour) before purchasing (Ho et al., 2020).

Brand colour exposure will also trigger the brand personality, i.e. Coca-cola red and Cadbury purple (Baxter et al., 2018). Graphic designers can apply design principles of colour to create appealing packaging, show product benefits, and create a product personality (Maleki et al., 2019); as an attempt in promoting brands and attaining a competitive advantage (Jin et al., 2019).

Previous studies put little attention on colour combination preferences (Sarica & Çubukçu, 2018). To the best of the author's knowledge, there are few studies on consumers' responses to 'colour combinations' in package design. Thus, this study aims to fill this gap and focuses on colour combinations rather than colours solely. Colour combination includes analogous, complementary, and monochromatic. Furthermore, many research on colour study on label or package design came from various disciplines as mentioned earlier, mainly from marketing, food science, and psychology. However, only a limited number of colour studies on label or package design were derived from a design perspective. Therefore, this present study highlights the necessity of colour study from the design field.

1.1.6 Packaging Colour, Past and Present

Packaging growth in Indonesia is similar to global developments. Now almost all types and styles of packaging in the world are also found in Indonesia. In the past, Indonesian traditional and classic food packaging commonly used natural ingredients (leaf wrappers, bamboo baskets, and clay pottery) with monotone shades of green or brown (Plate 1.1a). The fast growth of brands and product categories over the last few years requires more colour variations to differentiate among product categories and differentiate from competitors. Now the packaging uses more diverse colours and even metallic and neon colours (Plate 1.1b). This is possible due to many supporting print technologies.



Plate 1.1 Packaging Colour, Past and Present

In the other side, traditional packaging is being abandoned gradually because it is considered impractical, less hygienic, poor appearance, and monotonous colours as well as shapes (Juliанти, 2014). Packaging for traditional Indonesian foods like *lontong*, *lemper*, *kue bugis*, and *nagasari*, originally made of leaves, has now been replaced by plastic.

In the late 1950s, the retail environment shifted, with the emergence of supermarkets causing an explosion of new products. In the past, packaging rarely changed in shape and design. But the packaging graphics now change almost every six months, and the shape lasts up to three (3) years; as consumers are more critical in assessing the novelty, function and aesthetics of packaging (Julianti, 2014). Specific reasons driving the need for a new packaging design are product changes, size changes, price changes, brand strategy changes, competition, declining sales, etc. (Wahyudi & Satriyono, 2017). In 2015, there were ten hypermarkets, 56 supermarkets and 566 minimarkets in Bandung (Dinas Koperasi Usaha Kecil dan Menengah, 2019). The growth of modern retails as well as online stores have made packaging plays an important role in attracting consumers and communicating good quality. In several sub-urban in Indonesia, food is still packaged traditionally. However, in big cities, food packaging is generally more modern as a requirement to enter the modern retail. Therefore, producers need better packaging to compete.

1.2 Problem Statement

Generally, creative industry products of Bandung City do not have strong differentiation, and some of them have low visibility. As an important tourist destination, the position of Bandung City and its image as a creative city also provide advantages in food souvenir market development. Colour in food product packaging is a powerful visual element to communicate the product nature and function (Garaus & Halkias, 2020; Jin et al., 2019). Colours conveying the brand meanings can be used by consumers in brand searching and identification (Kauppinen-räsänen, 2014). However, the current research (Lee et al., 2019) argue the emotional/ hedonic instead

of functional value plays an essential role in triggering consumers' purchase intention.

Applying a distinctive and uncommon packaging colour makes a product or brand stand-out and grabs the consumer's visual attention (Spence & Velasco, 2018) as well as helps brand visibility (Juwaheer & Sahye, 2019; Rundh, 2016). Using an uncommon colour (where the colour is unexpected for a given product) for packaging can certainly assist a brand or product to stand out on the store shelf (Spence & Velasco, 2018); but it may hinder product identification and lead to confusion and ambiguity at the same time (Garaus & Halkias, 2020). Their two studies have demonstrated that uncommon package colours have the potential to undermine a brand's identity. Results show that an uncommon package colour decreases purchase interest and increases consumers' scepticism. Research to date, only few studies explored the effect of different package colour options on the consumer's responses regarding the uncommon colour for a standard category (Garaus & Halkias, 2020). There is a lack of evidence as to whether and to what degree relevant decisions on product colours might result in a negative impact.

Therefore, the problem statements of this study are:

PS1. The use of colours in product labelling/ packaging helps with brand identification (Kauppinen-räsänen, 2014); but fails to provide functional value when driven by emotional value (Lee et al., 2019).

PS2. The usage of uncommon colour for brand visibility (Spence & Velasco, 2018) but have resulted in negative impact for the brand (Garaus & Halkias, 2020).

1.3 Research Objectives

Research by Garaus & Halkias (2020) contributes to a better understanding of how colour in packaging selection may influence consumer responses and hence impact on branding. Although extensive studies have been conducted on colour in large scale companies, while implementation in SMEs rarely get attention to scholars. Within large-scale companies, the implementation of colour applied in packaging is assisted by in-house designer or hiring professional designers. Utilising colour on package design allows SMEs to set a higher retail price and create a premium look that proper as a souvenir. Furthermore, different types of consumers might have other motives and priorities (Young et al., 2020). Hence, this study aims to:

RO/RA1. To examine the role of colour combinations within branding and value creation in SME product labelling/ packaging in Bandung

RO/RA2. To discover the extent to which the perception of (un)common colours in labelling/ packaging vary across local and international tourists

RO/RA3. to evaluate consumer perception & attitudes toward the usage of the uncommon colour palette on SME food product labelling/ packaging

The research gap is a problem that has not been addressed so far. For example, existing study on value creation mostly focuses on luxury product, and less minimal research on SMEs food souvenir products. In addition, most studies come from marketing, psychology, and health science perspective. Moreover, previous studies paid little attention to colour combination preferences (Sarica & Çubukçu, 2018).

Thus, this research aims to fill the gaps by offering:

RG1. Enriches understanding functional & emotional value of colour in food souvenir packaging from design perspective.

RG2. colour palette guidelines for SMEs' food souvenir labelling/ packaging in Bandung.

1.4 Significance of the Study (Implication)

In this thesis, an interdisciplinary design methodology is developed that brings together ideas from design and marketing research literature to analyse small enterprise issues. The two studies offer guidelines for strategic colour and packaging design management. This study is also one of the few studies considering uncommon colour in label/ package design, a topic lacking sufficient academic attention.

This study contributes four benefits. Firstly, it contributes to design literature by underlining values perceived by the consumers. The concept of values in marketing refers to the practice of segmenting society into groups whose members share fundamental beliefs and ideals (Shokri & Alavi, 2019). Secondly, it adds to the existing literature on a design by pointing out that the designer can act as a value creator in the design process. By utilising colour, the designers can turn colour on packaging into something that meets the clients' needs. Afterwards, it points out factors which might help SMEs and packaging designers to bring closer to their consumers. By understanding colour perception, SMEs and packaging designers can utilise colour that fit to their target market. Finally, it contributes to our knowledge of how the packaging designer, particularly, can create and communicate value to the consumers. That value is based on the colour perception in society.

1.5 Research Questions

Previous studies have addressed the importance of colour in packaging but the research on SMEs in Bandung, Indonesia is still very limited. The findings of previous studies are contextual and object-specific and hence cannot be generalized universally across Indonesia, much less to food SME's. Furthermore, other extant studies on packaging colour of food SMEs using a case study method (Beneke et al., 2015; Schuch et al., 2019) cannot be generalised.

How can packaging for SMEs that appear unattractive compete with LEs well-packaged products when displayed side by side on the sales shelf? How can SME products attract more consumers' attention if the packaging design is not improved? Big companies or Large Enterprises (LEs) have more funds to support them to get good packaging, but that does not mean that SMEs with small capital have worse packaging. SMEs can make good packaging according to budget if they understand how to make attractive designs but with limited costs (Wahyudi & Satriyono, 2017). The above gap makes research on the packaging colour in the food souvenir SMEs in Bandung Indonesia is essential to do. Moreover, instead of colour combinations, individual colours mainly become the focus of colour study (Martinez et al., 2021). Therefore, this study fills the gap by analysing the role of colour in the food souvenir packaging context, as follow:

RQ1. How is the usage of colour as branding and value creation in SME product labelling/ packaging in Bandung?

RQ2. How do (local/ international) consumers perceive (un)common colours on SME food souvenir labelling/ packaging in Bandung?

RQ3. How is the uncommon colour on product labelling/ packaging perceived by consumers?

1.6 Research Design

This study used a qualitative approach. Figure 1.1 illustrates the diagram of how the study was conducted. A subjective viewpoint as ontology considers reality as consisting of subjects' perceptions and interactions. This study used the interpretivist epistemology as it concentrates on meaning, tries to understand what is happening, looks at the entirety of each case, uses various methods for different views, and use small samples studied (O’Gorman & MacIntosh, 2015). Moreover, interpretivists concentrate on obtaining an empathic understanding of how people are feeling; interpreting experiences, emotions, and finding explanations for behaviour, as well as interpreting individual experiences understanding (Brink, 2018). Subjective ontology with interpretative approaches tends to align with qualitative methodology (O’Gorman & MacIntosh, 2015; Rashid et al., 2019).

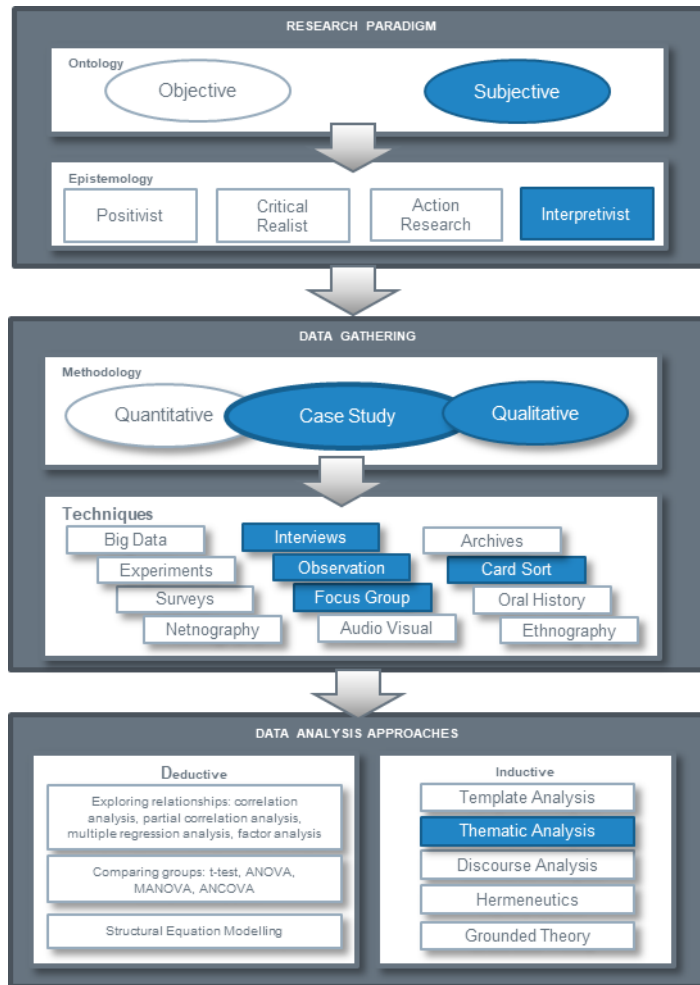


Figure 1.1 Research Map
Source: Adapted from O’Gorman & MacIntosh (2015)

A study was started by conducting several research activities related to colour, packaging and branding from March 2020. The activities include systematic review, field observation, comparison of multiple case studies, in-depth interviews, and card sorting. This study comprised three (3) phases of study, i.e., study #1, study #2, and study #3, to answer three research questions and obtain three research objectives. The three (3) phases of the study were explained in more detail in Chapter III, including the participants, data collection procedures, and data analysis.

To obtain RORA 1 (to examine the role of colour combinations within branding and value creation in SME product labelling/ packaging in Bandung), the study #1 conducted multiple case studies. To gain RORA2 (to discover the extent to

which the perception of (un)common colours in labelling/ packaging vary across local and international tourists), the design research used an in-depth interview. Finally, to get RORA3 (to evaluate consumer perception & attitudes toward the usage of the uncommon colour palette on SME food product labelling/ packaging), the study conducted multiple card sorting. The data analysis approach was inductive with thematic analysis.

1.7 Conceptual Framework

The conceptualization draws on four (4) key research areas: branding, consumption value, package design, as well as colour. A theoretical framework to study colour on packaging design in SME food souvenir products is proposed, as illustrated in Figure 1.2. Firstly, how colour can be seen as one of the visual packaging design elements which necessary for brand identification and brand visibility will be discussed. Colours to be analysed consist of colour on the logo, text, image, and background of the packaging. In consumer-brand identification theory, Delgado-Ballester & Sabiote (2015) looked at the functional and emotional value that matters for the brand. Then how brand identification is linked to functional and emotional value will be discussed using parameters from Steenis et al. (2017) and Merlo et al. (2019).

Brand visibility depends on colour (Keller, 2013). Differentiation impacts brand visibility - the new product's capacity to get attention in the marketplace (Aaker, 2011). Thus, instead of common colour, refer to Garaus & Halkias (2020), brands sometimes choose uncommon packaging colours to attract consumers' attention and differentiate from rivalry, thus, enhance visibility.

Afterwards, how brand visibility is determined by (un)common colour will be discussed. Finally, how these (un)common colour can affect consumer perception will be addressed. In this framework, the most interesting is to better understand colour for branding and generate colour palette guidelines for SME food souvenir products in Bandung, Indonesia.

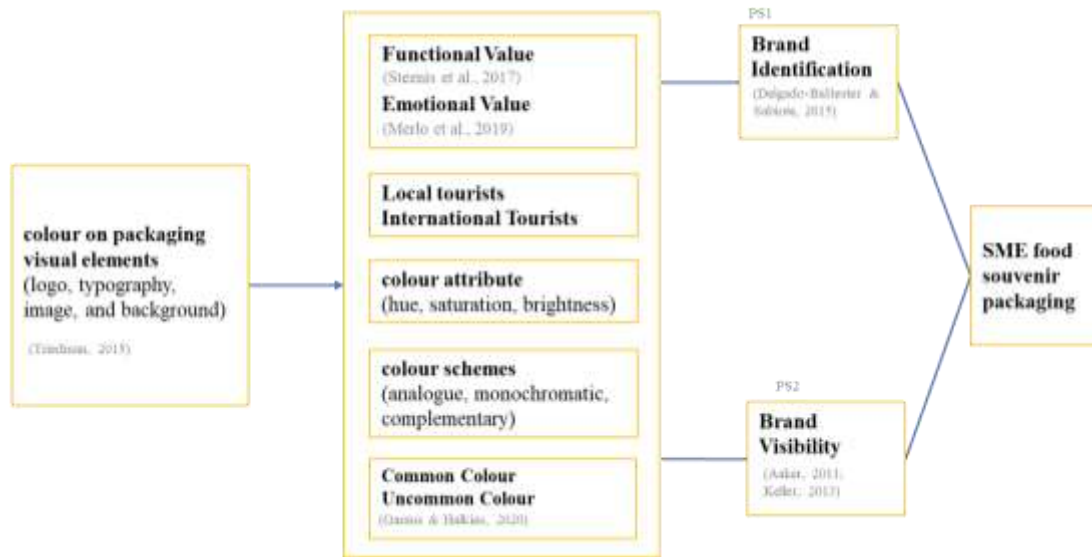


Figure 1.2 Conceptual Framework

As indicated in Figure 1.2, the attributes are values (functional and emotional); tourists (local and international); colour attribute (hue, saturation, and brightness) and colour schemes (analogue, monochromatic, complementary); and category (common and uncommon colour).

1.8 Assumption, Limitation, and Scope

Colour on packaging as one brand-related stimulus (packaging visual element) that can create value (both functional and emotional), evaluated using colour theory (colour attribute and scheme), the result as a recommendation of colour strategy for SME food packaging as branding (brand identification and brand visibility).