

CHAPTER II

LITERATURE REVIEW

2.1. Introduction

This chapter elaborates the information from the journals and theories related to the topic as the knowledge and basis to do the research. The literature review supports the author to strengthen the masteries that will be used to conduct the research. Additionally, the literature review guides the author to do the good research based on the information given. After the literature review, this chapter will give the information about research model and hypothesis development.

2.2. Cigarettes

According to Government Regulation number 19 of 2003 on the Safekeeping of Cigarettes for Health, a cigarette is processed tobacco wrapped in cylinder shape, including cigars and other forms, consist of Nicotine and similar ingredients completed with or without tar. It is consumed by burning the other edge of the cigarette and smokes it.

Nicotine is not the only component of tobacco products. They also include a lot of other harmful ingredients. Carbon monoxide, arsenic, hydrogen cyanide and benzene are all present in cigarette smoke, along with hundreds of other ingredients (Zaridze, 1991; Martin, 2014 cited in Mohebbi, B., 2014)

Smoking causes a great variety of diseases:

1. Cancer. Smoking is a reason of 90% of the cases of lung cancer. Also, 30% of other types of cancer are also results of smoking (laryngeal cancer, intraoral cancer, bladder cancer, uterine cancer, etc.) (Ogranov, 2002; Vartanyan, 2002).
- 1 Respiratory diseases. In many cases smoking is a reason of Chronic Obstructive Lung Disease (COPD), including emphysema and chronic bronchitis. Risk of death from these diseases is 10% higher within smokers (Ogranov, 2002; U.S. Department of Health and Human Services, 2004).
- 2 Heart diseases and heart attack. Smoking is the main factor that causes cardiovascular diseases. Both, active and passive smoking can be associated with accelerated development of atherosclerosis (Ogranov, 2002).
- 3 Other diseases: impotence, rheumatoid arthritis, hearing loss, problems with vision, cataract, etc (cited in Mohebbi, B., 2014).

2.3. Packaging

Every company cannot sell the product without something that covers the product. Packaging is tangible in nature, means that it is a three-dimensional marketing communication vehicle that represents the performance of the product offering. The package is becoming an intimate part of the customer's life, it means a phenomenon that represents a type of an experience between consumer and the brand (Lindsay, 1997 cited in Madyasta, M.N., 2015).

Packaging is defined as part of the buying and consuming process, but it is

not always often related to the ingredients of the product to function. Therefore, with no doubt, packaging is specifically related to the strategic decision inside the marketing mix, and further will be used as positioning decisions (Underwood, 2003).

Packaging plays a crucial role in product success, especially in the fast moving consumer goods industry and exercises a significant effect on consumer's buying decisions (Simms and Trott, 2010 cited in Mohebbi, B., 2014). Precisely speaking, packaging serves key roles and functions in enhancing marketing. Silayoi and Speece (2007) summed up the main packaging elements which potentially exert influence on consumers' buying decision, including visual and informational elements; the visual elements relate to graphics and color and size or shape of packaging and informational elements consist of information about the product and the technologies used in the package. More recently, Simms and Trott (2014) cited in Mohebbi, B. (2014), based on the studies conducted examining different aspects of packaging, they summarized concisely the key roles and functions of packaging. Table 2.1 presents these key roles and functions of packaging.

Table 2.1.

The Key Roles and Functions of Packaging

| Key Roles and Functions | Elements of Packaging's Role |
|--------------------------------|--|
| Protection | <ul style="list-style-type: none"> • Effects on the supply chain • Tamperproof |

| | |
|-------------------------|--|
| | <ul style="list-style-type: none"> • Role in transportation and logistics • Product safety and quality |
| Containment | <ul style="list-style-type: none"> • Preservation of the product • Protection from hazards • Containing and holding product |
| Identification | <ul style="list-style-type: none"> • Product identification • Labeling • Information of product |
| Marketing Communication | <ul style="list-style-type: none"> • Supporting marketing communication • Sales/marketing • Positioning |
| Costs | <ul style="list-style-type: none"> • Transport and storage costs • Process cost implications |
| User Convenience | <ul style="list-style-type: none"> • Openability /access • Consumer convenience • Affecting consumer value |
| Market Appeal | <ul style="list-style-type: none"> • Branding • Reinforcing the product concept • Consumer and market appeal |
| Innovation | <ul style="list-style-type: none"> • Facilitating commercialization |

- | | |
|--|---|
| | <ul style="list-style-type: none"> • Innovation and technology |
|--|---|

Source: adapted from Simms and Trott, 2014 cited in Mohebbi, B., 2014.

We know that packaging works as communicative role, then as a vehicle in marketing process, therefore packaging is used to increase the brand building functions of the packages (Rettie and Brewer, 2000; Underwood, 2003). However Rapheal and Olsson (1976) cited in Madyasta, M.N. (2015), stated that packaging still has another function which is as symbolic contribution to the total understanding of the corporation or brand.

Packaging is called “silent salesman” because self-service has transferred the role of informing the customer from the sales assistant to advertising and to packaging (Sonsino, 1990). The “silent salesman” will inform us the quality and benefits that we are going to obtain if we consume the product. The ability that packaging has is that it can persuade possible buyers before brand selection (McDaniel and Baker, 1977).

In order to reach all of the purpose that the packaging has, all of the packaging elements, which are texts; colors; structure; images; and people/personalities, have to be combined to provide consumers with virtual sales negotiation when customers purchase and then use the product (McNeal and Ji, 2003).

2.4. Health Warning Labels

According to Article 11 of the World Health Organization (WHO)

Framework Convention on Tobacco Control (FCTC), a pictorial health warning labels means a picture that is applied on cigarettes packages in order to increase awareness about the dangers of tobacco use effectively.

Two major purposes of warning labels were formulated by the Institute for Global Tobacco Control (2013). First, they provide important information about the full range of harmful consequences of tobacco products' use for human health. Second, they aim to reduce the use of tobacco products, encourage quitting smoking, and prevent non-smokers and formal smokers from using tobacco products.

The first country that applied health warning labels on cigarettes packages is Canada. Since that moment, the regulation is spread around the world and until now, there are 77 countries that are applying the obligation of putting health warning labels on cigarettes packaging (Madyasta, M.N., 2015).

All regulations that are applied in those countries are based on Article 11 of the WHO FCTC.

“The international tobacco treaty, Parties to the Convention must require that all packages of tobacco products carry health warnings describing the harmful effects of tobacco use or other appropriate messages which “should be 50% or more of the principal display areas but shall be no less than 30% of the display areas” and may be in the form of or include picture warnings”

Cigarette packages have Principal Display Areas which means the front and back. According to the WHO FCTC's international tobacco treaty, the health warning must be written in the national language or languages and must be rotated. It has to be applied to cartons and other outer packages.

The health warning label is seen as an effective way to persuade smokers with positive health issues. The reason is the picture of health warning label really describes the situation of health hazard issued of smoking. WHO FCTC believes that picture can say a thousand words, by conveying a message with far more impact than only a text-message on the packages. The larger the picture is for health warning labels, the better for the products to deliver message for consumers, especially smokers.

There are several recommendations on the attributes of health warning labels based on WHO:

1. Selecting warnings that cover the nature of the risks and the magnitude of the danger. Warnings should provide information about specific diseases and the prognosis if a tobacco disease strikes.
2. Cessation information that offers hope works well when it follows anxiety-raising warnings. But cessation information should not overwhelm the purpose of the warning system expressed in point 1 above.
3. Risks of disease should be attributed to the product (e.g.

cigarettes), not to individual behavior (i.e. smoking). Cessation messages can focus on individual responsibility.

4. Non-smokers should not be overlooked as targets of any warning system. Second-hand smoke warnings are of great interest to them. Spouses, children and friends of non-smokers read the warnings and encourage smokers to quit.
5. Warnings should be large and utilize blunt language, pictures, color and graphics.
6. Warnings should be introduced by an appropriate marker, such as WARNING.
7. Personalize messages work best, for example, '*Cigarettes can kill you!*'.
8. Weasel words such as '*is related to*', and '*is linked to*' or '*is associated with*' should be rejected to the extent that science permits. Identifying causation is important, for example, '*Cigarettes can cause lung cancer, in you!*'
9. Blocks in warnings created by difficult or wordy language should be avoided.
10. Position of warning counts. The top of major package faces is the premier space on a package. This position sells cigarettes.

Government should occupy it in the interests of public health.

11. Second-hand smoke (especially death from second-hand smoke diseases) and addiction are two warning themes that cause the tobacco industry special discomfort.

12. In text-only warnings, white lettering on black background, is more dramatic than the reverse, especially if it is framed with a white border. Attempts to camouflage the text of messages in the colors of the package should be rejected.

13. Deception undermines warning systems. Deceptive claims or graphics should be banned (e.g. the 'light' and 'mild' family of descriptors).

14. Just as creativity with trademarks on packages is being used by the industry, creativity should also be utilized with warning systems (e.g. surprise messages inside the pack).

15. Warnings should be rotated frequently. Wear- out of messages should be prevented by scheduling regular changes to the warning system (Mahood, 2003).

According to Ursic (1985), health warning labels must be added conspicuously, and hopefully health warning labels are able to communicate the level of danger. They have to be able to tell how consumers can avoid the hazard in a good understanding.

Health warning labels on cigarettes products are considered the most cost-effective tool for educating both smokers and non-smokers of all gender, age and social status about the harmful consequences for health caused by tobacco use (Strahan et al., 2002; O'Hegarty, Pederson, Nelson, Mowery, Gable, & Wortley, 2006; Fong et al., 2009; Hammond, Thrasher, Reid, Driezen, Boudreau, & Arillo-Santillan, 2012). In many countries, more smokers report on getting information about the health risks of smoking from warning labels than from any other source (except television). For example, in Thailand, Australia and Uruguay, countries that use large pictorial warnings on cigarette packs, more than 85% of smokers cited packages as a source of health information (Hammond, 2011; FTCT, 2009).

Health warnings labels on cigarette packs are proved to be effective because they catch and hold the viewer's attention result in greater information processing and improve memory for the health message (Hammond, 2011; The Institute for Global Tobacco Control, 2013). It is very important to choose the image for the warning label carefully; because the picture is generally the first thing people look at and relate to (Hammond, 2009; Hammond, 2011 cited in Tamurova, A. (2015).

The Indonesian regulation which warns the people about the negative impact of cigarettes is officially and firmly written. Article 199 of Law number 36 of 2009 on Health determines that the local and international cigarettes companies have to add health warning labels and images on the packaging of cigarettes. Fail to comply with this obligation, the company will be given a maximum of five

years imprisonment.

Indonesia issued regulations requiring text warnings on all tobacco products in 2003. In December 2012, the government issued regulations requiring pictorial health warnings on all cigarette packages by June 24, 2014. The pictorial warnings are required to cover 40% of both the front and back of all cigarette packages.

Here are some pictures of health warning labels on cigarettes packages in Indonesia.

Figure 2.1

Health Warning Labels in Indonesia



Source: (<http://beacukaikudus.com/pict/31742649Gabungan%202.jpg>).

accessed on March, 2017.

Figure 2.2**Health Warning Labels in Indonesia**

Source: (http://cdn0a.production.liputan6.static6.com/mediasi/big/rokok_2.jpg),

accessed on March, 2017.

2.5. Smoking Behavior

Smoking is the act of smoking cigarettes or other similar substance. Behavior, according to Oxford English Dictionary, is the way of action of one person towards other. This action can be repeated in daily life, in every condition. Therefore, smoking behavior means the act of smoking that is repeated in daily

life.

Pierce et al (1989) stated that smoking behavior for every person is different. It is impossible for two or three or even more persons have the same smoking behavior. The reason is there are differences in smoking prevalence for every different age and racial groups (Tolley et al., 1991). Different smoking prevalence and cessation are also differed by various educational attainment, racial, gender and age group that can be changed over time (cited in Madyasta, M.N., 2015)

The age at initiation of smoking in Indonesia is relatively young. The Global Youth Tobacco survey of 2006, found that among students aged 13 -15, 24 per cent of all boys and 4 per cent of girls smoked. Among those who had ever tried smoking, around 1 in 3 boys and 1 in 4 girls had tried smoking for the first time before age 10 (WHO, 2009). According to the survey, access to and availability of cigarettes is easy, with 6 out of 10 young smokers aged 13 -15 year indicating that they buy cigarettes in stores. Over time the trend in age smoking initiation has been declining to younger and younger ages (cited in Reimondos, A. et al., 2010).

Smoking has far reaching negative health and economic consequences for society and individuals. It is well known that tobacco is a major cause of death, killing up to half of all life time smokers (WHO, 2011). The healthcare costs attributed to tobacco-related illnesses are estimated to amount to 11 trillion IDR

each year or 1.2 billion USD (Barber et al., 2008). At the individual level, smoking also poses a major economic cost. According to data from the 2005 SUSENAS, in households with smokers, 11.5 per cent of total monthly household expenditure is diverted to tobacco spending (Barber, et al., 2008). In poor families, the percentage of the household budget spent on tobacco is even larger (cited in Reimondos, A. et al, 2010).

Based on Global Youth Tobacco Survey in 2014, 36.2% of boys and 4.3% of girls (comprising 20.3% of all young smokers) in Indonesia currently use cigarettes. Overall, 35.6% of young smokers smoke one stick per day, whereas more than half of girls (58.3%) smoke less than one cigarette per day. The age at initiation into cigarette smoking of 43.2% of those who have ever smoked a cigarette is 12 to 13 years. Roughly three out of five (58.2%) young smokers who currently smoked cigarettes usually purchased their cigarettes in stores or shops. The percentage of students who were not refused purchase of cigarettes because they were minors was 64.5%

2.6. Purchase Intention

Dodds, et al, (cited in Wu, 2015) indicated that purchase intention means the possibility that consumers have the intention to purchase the products. Engel, et al., (cited in Wu and Tsai, 2013) suggested that purchase behavior is the psychological decision making. In order to satisfy the needs, consumers will search for the related information according to their experience and external

environment. After the information is accumulated, consumers start the evaluation and consideration. Upon comparison and judgment, they make purchase decision. Shen et al, (cited in Wu and Tsai, 2013) suggested that purchase intention could be measured by intention to purchase the products advertised or consumption in the stores and even the efforts to search for the products.

Every managers need customer's purchase intention because purchase intention can give forecasting about the demand of a product of the company (Tsiotsou, 2006). It helps the company to always be up to date about newest condition and situation of the market and to be able to increase the quality of the company in producing and serving their product. That is why to form a consumer's purchase intention, the company has to be dynamic in new-to-market offering (Johnson et al., 2006 cited in Madyasta, M.N., 2015).

Purchase intention is the possibility, willingness, and chance for consumers to purchase a product. Tsai et al., cited in Wu (2015) suggested that, purchase intention is associated with the life cycle and value of a product). Once consumers develop purchase intention and behavior and their needs are satisfied, they will further develop repurchase behavior and behavior of recommending others to purchase. Wu (2015) suggested that purchase intention is the possibility for consumers to purchase a product, and can be divided into personal factors, psychological factors, and social factors.

2.7. Previous Studies

There are some previous studies have been done with similar topic and the

four studies will be explained in this section. The first previous study is “The Impact of Health Warning Labels on Cigarettes Packages towards Young Smokers” by Madyasta, M.N., in 2015. This study is aiming to see the correlation between health warning label, smoking behavior and purchase intention among young smokers in Yogyakarta. This study found that the smoking behavior and health warning labels give impact to the purchase intention. This study also found that the health warning labels influence the smoking behavior even it is not that big influence.

The second previous study is A Consumer Evaluation of Health Warning Labels on Cigarettes Packages in Canada, written by Crane, F.G and MacLean, V.A in 1996. In this research study, the authors tried to evaluate consumer’s perception about health warning labels on cigarettes packages in Canada. At that time, health warning labels recently added to the cigarettes packages, it was new among the citizen of Canada. However, the author chose both of smokers and non-smokers to evaluate the health warning labels on cigarettes packages. The authors focused on the health warning labels and consumer’s perception about the image of health warning labels. The result shows that consumers were able to evaluate the health warning labels as an effective method to help smokers reduce their smoking behavior. Warning about direct diseases caused by smoking can influences consumer more than just warning that is included in nature death cause. The authors believed that if health warning labels were intended to have impact on consumer’s consumption behavior, it has to strike a responsive chore with the customer, not only seen or read.

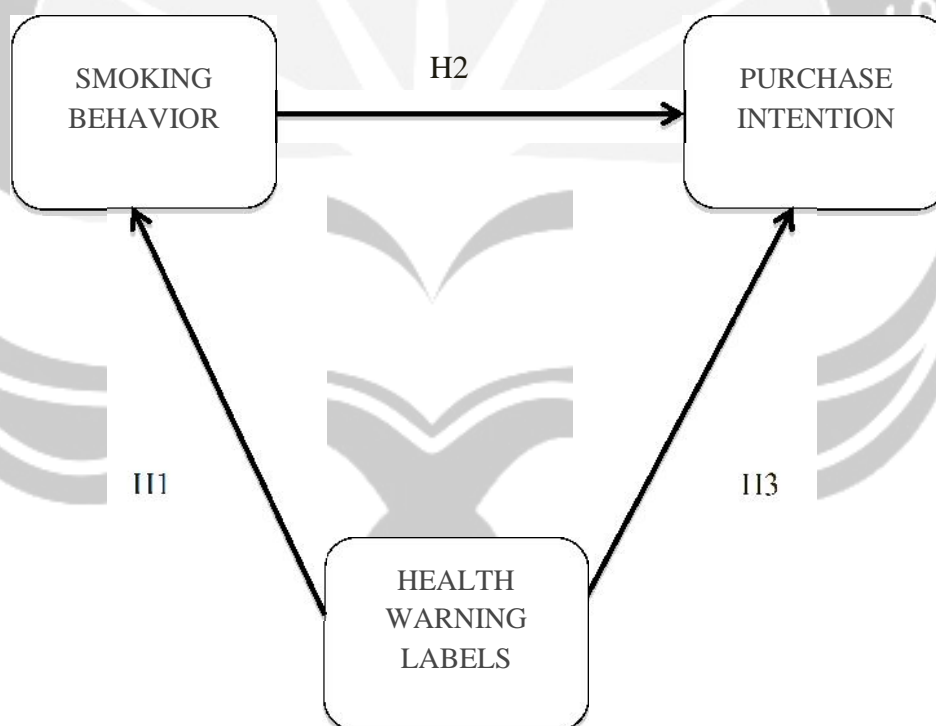
Third previous study is The Potential Effectiveness of Warning Labels on Cigarette Packages: The Perceptions of Young Adult Canadians written by Koval, J.J, Aubut, J.A.L, Linda. L, O’Hegarty, M and Chan, S (2005). The purpose of this study is also to examine how young smokers’ perception about health warning labels on cigarettes packages. This research tried to examine how smokers can decide their behavior after they see the health warning labels on the cigarettes packages. The result came up with some of the current smokers likely believe that health warning labels on cigarettes packages could make them stop smoking rather than ex smokers. In conclusion, the respondents who participated in the research study, especially adolescents, mostly would not pay much attention on health warning labels and acknowledge the meaning of the health warning labels on cigarettes packages. From this study, the researchers suggested that it is important to change the health warning labels appearances to attract more attention from adolescents.

The fourth study that is becoming the reference for this study is from Kim, A.E., Nonnemaker, J.M., Loomis, B.R., Shafer, P.R., Shaik,. A. in 2014 entitled Influence of Point-of-Sale Tobacco Displays and Graphic Health Warning Signs on Adults: Evidence from a Virtual Store Experimental Study. This research analyzed whether there is a significant impact that health warning labels on cigarettes packages give to consumer’s purchase intention. The research found that there is significant impact from health warning labels towards purchase intention.

2.8. Conceptual Framework

The research model is mainly to investigate the relationship among health warning labels, smoking behavior and purchase intention. According to the research purpose and analyses on relevant studies, the three variables in this study are: “health warning labels,” “smoking behavior,” and “purchase intention” respectively. The research model is as in Figure 2.3.

Figure 2.3
Research Model



Source: adaptation from Madyasta, M.N., 2015

2.9. Hypothesis

The policy about health warning labels is one of the methods that Indonesian government uses to reduce the number of smokers in Indonesia. WHO FCTC also recommend that health warning labels on the cigarettes packages will make the smokers try to quit smoking and reduce the number of smokers. Many researchers believes that packaging as the media to give information and message to the customers, has impact on their decision to purchase the product. Research by Madyasta M.N. (2015) also found that both smoking behavior and smoker's purchase intention are affected by the health warning labels. Based on the literatures and the research model that already developed, there are several hypotheses that the author wants to analyze in this research regarding to the young smokers in Bali. Since this is a replication study from Madyasta, M.N. (2015), the hypotheses will be based on the previous research.

H1: Health warning labels on cigarettes packages can give impact to smoker's smoking behavior of young smokers in Bali.

H2: Smoker's smoking behavior can give impact to consumers purchase intention of young smokers in Bali.

H3: Health warning labels on cigarettes packages can give impact to consumer's purchase intention of young smokers in Bali.