

INTRODUCTION

BACKGROUND OF THE STUDY

We live in a world of packaging our foods, our supplies and to a large extent our clothing. We use packaging in wide variety of forms, shapes and materials.

Packaging means all the activities in the product planning that involves designing and producing the container or wrapper for a product. The wrapper container is called the package. The exterior cover for a product packaging is often referred to as the silent salesman because it has the ability to persuade people to impulse buying. It calls for immediate attention to the product, stimulate demand and increase sales. It is often said that, packaging cost often exceed all other marketing tools that are used to move goods from the manufacturing to the consumers and also used to determine the price of goods and services.

It can be stressed also that, considering packaging as a marketing tool, emphasis is also given to vast and environment concerns that is involved in packaging. These acts were emphasized through cost analysis research conducted by Lemar and Dobler (1992) it has found out that while advertising only accounts for about two of the total cost, packaging materials were responsible for about twenty two percent in most manufacturing organizations.

In terms of environmental concerns, packaging makes up a third of the rubbish by weight, which we put in our dustbin.

The research project is aimed at evaluating the cost incurred in packaging and the effects, it has on the profitability of manufacturing organizations.

It further explains in details the benefit of packaging and its disadvantages on the society and the economy.

STATEMENT OF THE PROBLEM

In recent years, packaging has been under almost constant barrage of criticisms of lack of attention devoted to packaging. Packaging has been accused of being misleading, expensive, littering and anticipating inflationary, offensive and even

immoral.

No area in modern business that is so spread in its operation and so highly treated in writing as that of packaging. Existing literature is almost entirely confined to article and reprints of talks dealing largely with “how to do it” and “why it was successful”.

The major reason could be attributed to the tendency of classifying packaging as a production cost and secondly, the practical functions which the pack performs, which tend to shield it from public scrutiny of the type directed at promotional expenditures whose practical virtues are less discernible.

At the moment, there is dearth of reliable information on packaging expenditure in manufacturing organizations in Nigeria. Most of the information related to packaging expenditure usually comes from foreign sources. In the light of this, the researcher attempts to undertake this study in order to find out the cost of packaging and its effects on manufacturing organizations profitability in Nigeria with special forms on Unilever Nigeria PLC, Kaduna Branch.

OBJECTIVES OF THE STUDY

This study on an evaluation of the cost of packaging and its effects on the profitability in Unilever Nigeria PLC attempts to achieve the following objectives.

To find out the types of packaging materials used in Unilever Nigeria PLC

To examine the cost of packaging in Unilever PLC

To identify the motive behind Unilever packaging.

To investigate the problems associated with Unilever packaging.

To provide recommendations for improved strategies in Unilever packaging.

STATEMENT OF HYPOTHESIS

In order to have a meaningful direction and to obtain meaningful and necessary information, the following hypothesis have been formulated.

H₀: Cost of packaging has no effect to the profitability of a company

H₁: Cost of packaging has effects on the profitability of a company.

SIGNIFICANCE OF THE STUDY

This study is in partial fulfillment for the award of a Higher National Diploma in Department of Accountancy, School Business and Management Studies, [CBMS] Kaduna Polytechnic.

The significance of this study lies in its great benefits to individuals and manufacturing organizations in Nigeria. First and foremost, the study holds immense contributions to students in search of relevant literature review materials on the subject of packaging and its cost in manufacturing organizations. Secondly, the management of Unilever Nigeria Plc will certainly find this project very informative and a useful tool in decision making particularly in the area of packaging.

Finally, the general reading public will also find this project research very educative and useful in terms of general knowledge.

SCOPE OF THE STUDY

Packaging constitute an important cost element in the production and marketing of good in manufacturing organizations in Nigeria. However, to undertake a study on nation-wide basis covering all manufacturing industries in Nigeria is too numerous task and beyond the resources of the researcher. Based on this, the study is confined to Unilever Nigeria Plc, Kaduna Branch .

The study covers the material design and types of packaging used by the Unilever as well as the cost involved.

HISTORICAL BACKGROUND OF UNILEVER NIGERIA LIMITED

From its modest beginning in Nigeria in 1923 Lever Brothers as it was formerly known, now Unilever Plc has given into a successful economic grant, thanks be to the foresight of its founder William Hesketh Lever who saw in Nigeria the potentials of a vast market beyond the United Kingdom where he had already been founder of Lever Brothers United Kingdom, the Nigeria branch of his company was initially known as Lever Brothers (WA) Limited when it was incorporated as a private company in the country on April 11, 1923; it was engaged then largely in the sales of soap. It changed its name a year later, in

1924 to West African Soap Company Limited. Sensing a profitable future in the Nigeria market, the company opened its own factory at Apapa, that same year 1924 to produce bar soaps, Lever Helmet died a year in 1925.

Thirty years after its factory was established in Nigeria, the company in 1955 changed its name to Lever Brothers Nigeria Limited. It has in the mean time diversified into the production of edibles. As time progressed, it increased its product range to include personal care products. Of course, the production of bar soap continued and even increased with the commissioning in 1958 of second UNL factory, this time at Aba in the eastern part of Nigeria, now in Abia state.

The company all this time was still foreign owned with the natural desire for the nation to be involved in, in fact, control its economy, the Nigeria government in 1972 introduced the indigenization policy by which Nigerians acquire majority shares in the foreign owned companies. While some companies sold out and left the country. Others stayed and complied the new policy. Unilever Nigeria Limited was among the latter and it sold 60 percent of its shares to Nigerians. For UNL and its shareholders, both local and foreign business has been very good.

Unilever Nigeria Limited continued to grow, particularly with the company's introduction into the market of more product lines, for example goods to meet increasing consumer demand, UNL in 1982 commissioned an ultra-modern factory not far from Lagos at Agbara in Ogun State for the manufacture of edible products.

In addition, there is the 'MASTERLINE BAKERY CENTER' also at Agbara for the training of bakers and the development of new good products based on the utilization of local raw materials, particularly with the ban which the Nigerian Government in the 1980's imposed on importation of wheat and hence the necessity for non wheat or local grain substitutes for flour.

Not only UNL products, it also absorbed other companies into its umbrella. Lipton of Nigeria was absorbed in 1985.

Three years later, in 1988, Chesebrough products Industries Limited which makes Vaseline and ponds range of products joined the UNL. Currently, A.J. SEWARD has joined too. Thus, true to the expectations of its founder, Unilever Nigeria Limited business increased and expanded by leads and bonds. Today, Unilever Nigeria Plcss products range is vast-over fifty and in different wallet sizes. Its quality brands have made UNL a Visible Friend in every home throughout Nigeria and beyond her borders to the west African sub-region as well as even to central Africa. A satisfied consumer audience has rewarded UNL the head share of the market.

AN EVALUATION OF THE COST OF PACKAGING AND ITS IMPLICATIONS ON THE PROFITABILITY OF A MANUFACTURING ORGANISATION

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