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MASTER OF BUSINESS ADMINISTRATION

Celebrity Endorsement in the Airline industry of Malaysia

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Submission Date	28 April, 2014
Final Word count	17,306

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Abstract

The practice of celebrities being used for representation services other than performing their actual job as either an actor or an athlete, such as endorsements has proliferated over time. Despite the cost and the risks involved with this technique of advertising, it is been used quite extensively in the present era. Due to the monstrous accessibility of media, the development of another phase of business correspondence has occurred. An increment in the utilization of celebrities in brand message correspondence around both non extravagance brands and extravagance brands has occurred. The instrument of celebrity endorsement has nowadays become a pervasive element in advertising and communication management. Since the late 1930s when Red Rock Cola procured baseball incredible, Babe Ruth to support its soda brand, organizations around the globe have utilized players and big names to advertise their items. Organizations use superstar supports as a component of a whole marking procedure to impart their brands to specific sets of clients. The point when selecting a superstar endorser, an organization should think about the magnetism of the celebrity (regarding physical manifestation, scholarly competencies, ability and lifestyle), the tenability of the celebrity (his or her apparent adroitness and dependability) and the obvious similarity between the celebrity and the brand. It used to be that refreshment organizations, shoe brands, and garments lines were the bread and spread of the celebrity sponsorship circuit. Right away competitors, motion picture stars, and mainstream musical acts are shilling for cell phones in an exertion to cushion their pay. The research aims at investigating airline traveler's perception towards celebrity endorsed airline.

Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

28th April, 2014

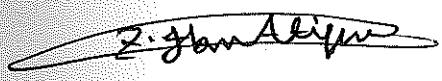
Md Zibran Ibn Atique

ACKNOWLEDGEMENT

I would like to thank my honorable supervisor Mr. Arasu Raman, who provided me loads of motivations and support. He read each expressions of each draft, calling attention to the oversights and helping me to clear up my plans. His wide and significant learning provided for me incredible impression and also extraordinary assistance. I also wish to thank all my teachers whose gave me many helps, advices and encouragement during my one year study at INTI International University.

Conducting this thesis has been a great learning experience. I would like to thank everyone who has helped me to make and complete this interesting journey. Family, friends and primarily the respondents have contributed with valuable additions and made it possible for me to complete this study feeling proud of ourselves.

Finally, I offer my respects and favors to those who supported me in any admiration throughout the finish of the thesis.



Md Zibran Ibn Atique

April 28, 2014

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List of Abbreviations

www: world wide web

ROI: Return on Investment

IAB: Internet Advertising

SPSS: Statistical Package For Social Science

SMA: Social Media Advertising

MAS: Malaysia Airlines

MSA: Measurement of Sampling Adequacy

KMO: Kaiser-Meyer-Olkin

CA: Competitive Advantage

Chapter 1- Introduction

1.0. Background to the topic

The regular practice of endorsing celebrity as powerful strategic instrument of advertising which has improved extremely over last few years. Celebrities have been utilized to endorse numerous types of services and products, starting beverages to sports to various types of gadgets and a few different items. The extraordinary use of celebrity endorsers is not restricted to a particular division of the economy, organizations utilizing celebrity endorsement cut over all industry classifications including bundled merchandise, telecommunication, fiscal administrations and vehicles businesses (Thompson, 1998, Okorie, 2010; Okorie & Aderogba, 2011).Nowadays Celebrity endorsement is an essential tool to market the product or services, however it is rarely found that Airline companies are endorsing celebrities.

1.1. Economic significance of Airline Industry

Travelling through airlines are nowadays most easiest and fastest way to travel. A lot of people new air transport organizations have overwhelmed. The industry of airline, considered real segment of framework the world, which takes gigantic financial noteworthiness. Back in the year of 2003, the world's 896 planned airlines conveyed 1.656 billion travelers – equal to above 25% of the habitants of this world and this industry additionally conveyed very nearly 40% (by worth) of the sightseers (2002 information). It is relied upon to accept a much more terrific criticalness over the advancing years, particularly in transporting cargo which is relied. Especially it is expected that, in airline industry in the world is anticipated to account for as much as 80% by worth of the world within this year 2014.

In the June through August timeframe of (2005), Pulitzer Prize and Daniel Yergin stated, "Consistently, the airline industry impels the monetary takeoff of our country. It is the incredible empowering agent, weaving together all corners of the nation, encouraging the development of

individuals and products that is the spine of budgetary development. It additionally solidly inserts us in that great procedure of globalization that is characterizing the 21st century." Indeed, the World Bank (2008) distinguishes that "Air transport has turned into a key monetary and social channel nowadays. Past the profits of quick and economical transcontinental travel, air transport additionally has turned into an imperative type of transportation for high-esteemed things that need to come to market rapidly, for example, rural items subject to waste." Further, it notes that air payload has turned into the vital mode of transportation for high esteem and perishable merchandise, wherein 40 percent of all products by worth worldwide are transported via air: "Numerous creating nations depend intensely on air freight for their fares as different modes are questionable or non-existent."

1.2. Malaysian Aviation Industry

Malaysia has a dynamic financing strategy for airports with an overall created and far reaching runway system. Runway foundation is significant as air transport plays a real part in Malaysia's budgetary exercises and national intensity. Barn framework in Malaysia is supply determined, with limit gave in front of interest. Airline advancement in Malaysia is for the most part dependent upon international travellers. A set of configuration parameters are ready for every airstrip centering primarily on airplane developments, stopping stand necessities and traveler top hours. Airstrips are created as per supply ahead of interest and to 'in the nick of time' standards where framework, offices and administrations at airfields are made primed to suit the estimate and expectation of requests from airlines and their travelers. Over the previous decade, airfields in Malaysia have experienced vast improvement. According to Minister International Trade and Industry, Datuk Seri Mustapa Mohamed (2013).The improvement of airfields in Malaysia is adapted towards enhancing wellbeing and productivity levels at landing strips. Malaysia's six worldwide shelters and 16 residential airfields help much to investment improvement as well as quick and huge development in traveler volume also took care of at landing strips. The airport has sufficient limit wanted to handle up to 100 million travelers for every year.

Kuala Lumpur International Airport Constructed at a price of USD 1.3 billion, the new 45 million traveler terminal increases greater services and arrange for superior traveler suitability. It

started operating in July 2013. An upsurge in the amount of airlines functioning to Malaysia in the low-cost transporter section is projected when KLIA2 is completely functioning.

1.3. Aviation Industry and Economic Performances

Enhancements in connectivity help the economic performance more extensive through economy upgrading its general level of benefit. This change in benefit in firms outside the flight part passes through two fundamental channels: through the impacts on domesticated firms of expanded access to remote markets, and expanded remote rivalry in the home market, and through the freer development of speculation capital and laborers between nations.

According to Oxford Economics (2012) Aeronautics' ground-based base utilizes 13,000 individuals and backings through its store network a further 12,000 employments. These by implication backed occupations incorporate, case in point, development specialists building or administering offices at airstrips. A further 7,000 occupations are upheld by the using of those utilized by the avionics business' ground-based base and its production network. It helps by implication an alternate MYR 0.8 billion through the yield it backings down its store network. A further MYR 0.4 billion passes through the using of the individuals who work in ground-based offices and its store network. As a center landing strip for intercontinental traveler activity, Kuala Lumpur can offer its Malaysian inhabitants and organizations better gain access to additional goals, at a higher recurrence and at more level valued passages. In Section 2 of this report, such system profits upgrade a nation's connectivity, which thusly can sustain through to the economy's general levels of profit and GDP.

1.4. Airline as a Product

According to Wensveen (2007) the air transport item is not a physical thing whatsoever, however benefits that buyers find advantageous. Rathmell (1966) stated that there was a general comprehension for products anyway that there was no agreeable representation about the administrations. Wensveen (2007) also called attention to that the administration through airline transports is customized implying that every traveler may observe and experience it in a totally

diverse way. Mechanical issues and compels outside the ability to control of organizations, for example, climate conditions additionally portray the air transport item. The way that administrations can't be processed in distinctive units yet just in masses has additionally to be acknowledged. The showcasing blend dissection incorporates all controllable strategic advertising apparatuses (Kotler et al., 2008) and can along these lines be taken as a foundation for examining any item.

The essential dissection incorporates four segments known as "4 Ps" comprising of item, place, advancement also cost. For administrations these measurement have been reached out by individuals, physical environment and the accompanying section intends to depict the characteristics of the airline shuttle benefit by recognizing all parts of the broadened showcasing.

1.5. Celebrity Endorsement

Celebrity support is genius that was creating over years. Great meaning of this term is given by Khatri (2006) who expressed that endorsement celebrity is typically allow their names to ads for item or administrations for which they might be the masters. In any case, big celebrity underwriting could be characterized as a standout amongst the most mainstream types of showcasing used to advertise an extent of customer items and administrations (Halonen-Knight & Hurmerinta 2010). According to Byrne et al. (2003), big name support has turned into one of the correspondence techniques utilized by advertisers attempting to raise a harmonious picture between the brand and the customer. It is regular that an item or brand is connected with one big name endorser over long time of time, yet advertisers may depend on numerous superstar supports which imply that they can utilize two or more big names as a part of publicizing battle (Hsu & Mcdonald, 2002). Consistent with Meijer (2010), the written works recognizes three sorts of endorser: "normal" buyers, masters and famous people. The fundamental distinction between these sorts of endorser is dependent upon recognizing aspects. Standard purchasers have the trademark 'comparability'; they don't require any extraordinary information of the items being publicized. As such, they don't have more than the learning picked up through general utilization of the items. The point when utilizing "standard" shoppers as endorsers, regularly, their name and calling is incorporated in the advertisement. The primary compelling impacts of "customary"

customers as endorsers are primarily dependent upon the way that by virtue of the apparent similitudes, purchasers feel a fondness with the endorser (Meijer, 2010).

Specialists as their name recommends, have much ability which is a segment of the trademark 'dependability'. Principle reasons for endorsing celebrities is they have an unrivaled learning of the item, typically picked up through experience, study or preparing and that information of masters about items is precisely what has an added quality contrasted with "general" shoppers as item endorsers. The point when utilizing specialists as endorsers as a part of notices, now and then in combo with their names (Meijer, 2010).

Famous celebrities score high on the trademark "recognition" (a part of the trademark 'engagingness'), and generally they are well known for accomplishments in a zone other than the publicized item. There are different superstars sorts such will be, for example, pop, film and TV stars, sportsmen/-ladies, government officials, craftsmen, essayists and researchers (Meijer, 2010)

1.6. Statement of Problem

In spite of the effectiveness of big name underwriting in an Airline industry, there are not many explorations works in regards to the viability of celebrity endorsement in Airline industry. Advertisers use tremendous measures of money like clockwork on celebrity endorsement contracts upon the belief that celebrities are great operators for their things or brands (Katyal, 2007). Distinctive associations are checking game plans with endorsed celebrities with particular desire that endorsing these big names they can achieve a noteworthy place within the emotional makeups of the customers (Temperley & Tangen, 2009). Endorsing celebrity is dynamically being used. The whole thing said and completed, an individual need to consider the possible dangers versus the probable compensates as superstar supports are dependably a high-chance, high-compensate circumstance and there is dependably a practical component that marketer may do not think about (Miller 2004). Back in year 2011 American Airlines has chosen to promote its crisp out of the case new commercial offering Kevin Spacey, the Academy Award-winning performing craftsman (American Beauty). Not many explores have been directed with respect to this range. A large portion of the past scrutinizes had been carried out either on viability of

celebrity support or specific carrier organization itself. However there is no examination finished on celebrity support in the aerial shuttle industry. Numerous investigations of celebrity endorsement completed in different businesses however slightest had been carried out and rehearsed in Airline Industry. Celebrity endorsement is rarely happening in the Airline Industry, though it is very effective which is proven by Turkish Airline when they endorsed Messi and Kobe who are famous athletes in football and basketball world and the Advertisement became so popular and catches the people's attraction around the world stated by Ryan Sager (2011).

According to the study by The Nielsen Company (2012), celebrity endorsers still are powerful forces for brands to use to support themselves. Consistently shoppers are presented too many advertisements (Thornson, 1990) and this will hamper organizations to make an exceptional position and accept consideration from purchasers. Utilizing celebrities can help organizations to make one of a kind of ads and incite a positive impact on the state of mind and deals plan towards the brand (Ranjbarian, Shekarchizade & Momeni, 2010).

According to Izwan Idris (2013) Malaysian Airline made a RM 375.4 Million loss in the three months finished Sept 30 contrasted and a net benefit of RM 37.08 Million a year back, as it reported the most noticeably bad quarterly comes about in the not so distant future after the administration received a forceful estimating technique to top off expanded seat limit and protect piece of the overall industry even as the weaker ringgit drove up the expense of working its stretching armada. The Airlines has been continuing loss for the last couple of years and forecasters are imagining tremendous losses for the foreseeable future after the incident of lost MH370. After the horrible incident Malaysian Airline will most probably face questions about their security and travellers will lost their confident over Malaysian Airlines for sure. These will badly damage the market image of Malaysian Airlines and finally it will badly effect the ticket selling of the airlines which may make the airlines stop operating flights because it is already in loss and this may not possible for the government to keep further losses. Here the researcher is looking forward to different options which can be implicated and applicable to sort out and give a possible solution to recover the Malaysian Airlines loss in future financial years.

Another Malaysian airline failure of gaining adequate profit is Air Asia which is the low cost airline. According to Izwan Idris(2013) AirAsia Malaysia, in the balance sheet of Air Asia the airline is still making losses and it declared profits from its credits joint with the 6 months pre-

paid sales of airfares.

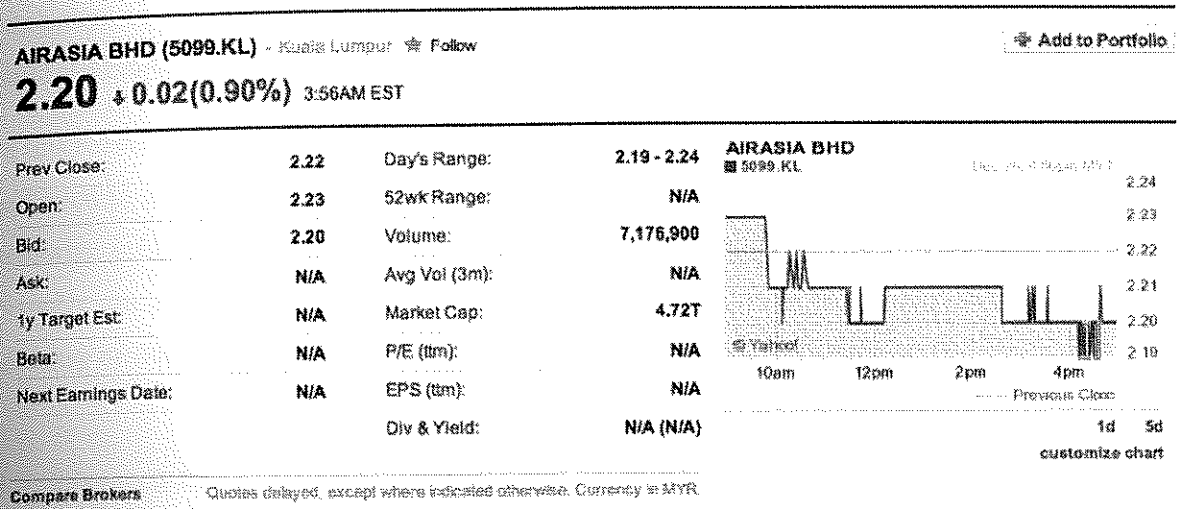

Figure 1.0 Air Asia incurring losses

Practically Air Asia owes to MAS for airplane's support as maintenance benefits for Air Asia's record. Until now, Air Asia's shareholders still gained zero profit for distorting records.

Moreover, Air Asia never quits cheating its travelers and it keeps on promoting its deluding and misrepresentation arrangements to general travellers about the low cost. Be that as it may for to what extent is this going to be? For Tony Fernandez, swindling is another pattern of business philosophy (John Jannarone, 2013).

Here from the analysis of two Malaysian airlines news from the public sources the researcher came to know that both of the airlines are incurring losses and have bad image in travelers mind.

In today's highly competitive market, companies use celebrities in advertisements. Due to the development in the field of mass communications, as one of the oldest branding tools, celebrity endorsement will keep its effect. Turkish Airlines has confirmed with its own example that the celebrity endorsement works and they have proven it globally when they endorses Messi and Kobe . Turkish Airlines' "Kobe vs. Messi – Legends on Board" was 2012's most prominent marked feature. The promotion has 103 million or more perspectives, and its Facebook page has over a million fans. Now the researchers question is why Malaysian airline companies do not use celebrity endorsement as a marketing tool.

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This successful endorsement shows that how important role a celebrity can play for a particular company. Airline companies need to take celebrity endorsement importantly which can help to build the brand equity of the particular airline company.

In this research the researcher went deep inside of the celebrity influence on the endorsed brands and tried to show how these actually effects, and this research will be an evidence of proof that celebrity influence has a positive impact and Malaysian airline companies can also get the benefits out of it. It is hoped that that the research will prove to be applicable in the airline industry of Malaysia as a whole to achieve their success for the future.

1.7. Research Aim

The theme of celebrity endorsements and its components is intensely archived in scholastic literary works, however the jest of this study fascinating is that it empowers the researcher to comprehend the process of celebrity endorsement.

Traveller's mentality is moving at a quick speed and travellers are getting to be further attentive to those endorsed items which they generally characterize their own self. The research has been done to obtain perspective knowledge around international/local customers about celebrity endorsement. Researcher needs find it that is it true that it is as constructive which is thought to be.

This particular research embraced about the celebrity endorsement and in this research will be investigates about the recognition of traveller's on celebrity endorsement. Preparing hypothesis designed for academic purpose which may help the airline marketers in future. However, it is still not popular in the Airline industry around the world to endorse celebrity. Recently Turkish Airline endorsed Messi and Kobe who are famous football and basketball players. That commercial became so viral that it created a really good branding campaign or marketing campaign for Turkish Airline.