

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

### **A STUDY ON THE EFFECT OF ADVERTISING MEDIA ON MALAYSIA CONSUMERS' BRAND AWARENESS AND PURCHASE INTENTION TOWARD FOOD PRODUCTS**

**Author: HUE SHIN YEN**

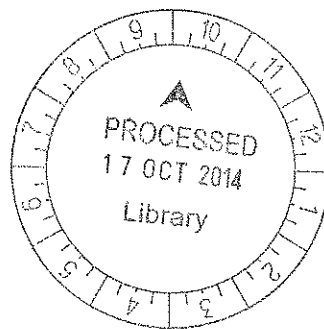
**Student No: I13003254**

**Supervisor: ALEX LEONG SWEE SHYONG**

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**FACULTY OF BUSINESS, COMMUNICATIONS AND LAW**

## ABSTRACT

The purposes of the study are to explore the effects among advertising, brand awareness, and customer purchase intention. The samples are collected from citizens living in Klang Valley and the techniques used in this study are descriptive analysis, normality test, correlation analysis and regression analysis. The overall results show there are significant relationships between dependant variables (purchase intention) and independent variables measured by TV advertising, online advertising, press advertising and other demographic factors such as age, gender, marital status, education, occupation and etc.

The study suggests that marketers need to put effort to observe the relationship with customers and try to define how they judge for the brand. The proper strategies need to implement to build up the awareness in customers' mind. The values add products based on customer preference are important to satisfied customers and increase their level of interest and desire.

**Keywords:** Advertising, Brand Awareness, and Purchase Intention

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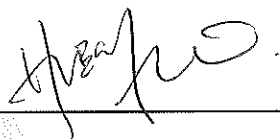
Last but not least, I would like to thank my family for their endless love and support. Without the patience and their faith in me, this project paper would not have been possible.

Sincerely

Hue Shin Yen

**DECLARATION**

I hereby declare that this project paper is based on my original work except for quotations and citations that have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at INTI University or at any other institution.



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HUE SHIN YEN

Date: 26.08.14.

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## Chapter 1

## INTRODUCTION

## 1.0 Introduction

Based on FAO Food Outlook (2013), the price for dairy products in international market was declined from the April peak. However it still remains at the historical high level of performance. Besides, world milk production has been forecast to grow 1.9 percent to 780 million tonnes in year 2013 (figure 1), the similar rate as previous years and Asia, Latin America and Caribbean are contributed the most for the production increase with limited growth elsewhere.

WORLD DAIRY MARKET AT A GLANCE <sup>1</sup>				
	2011	2012 <i>estim.</i>	2013 <i>f'cast</i>	Change: 2013 over 2012
	<i>million tonnes</i>			%
<b>WORLD BALANCE</b>				
Total milk production	742.2	765.6	780.3	1.9
Total trade	49.7	53.4	53.0	-0.9
<b>SUPPLY AND DEMAND INDICATORS</b>				
<b>Per caput food consumption:</b>				
World (kg/yr)	105.2	107.3	108.2	0.8
Developed (kg/yr)	234.6	237.0	236.2	-0.3
Developing (kg/yr)	71.7	74.0	75.6	2.2
Trade share of prod. (%)	6.7	7.0	6.8	-2.7
<b>FAO DAIRY PRICE INDEX (2002-2004=100)</b>				
	2011	2012	2013 <i>Jan-Oct</i>	Change: Jan-Oct 2013 over Jan-Oct 2012 %
	230	194	240	25.0

Figure 1: World Dairy Market at a Glance

FAO Food outlook as figure 2 below showed Asia will remain as the main market for dairy products by contributing 55 percent in world imports. Singapore, China, the Islamic Republic of Iran, and Pakistan showed the significant additional demand. Meanwhile Malaysia and others Asia, Saudi Arabia and United Arab Emirates still remain as the important markets.

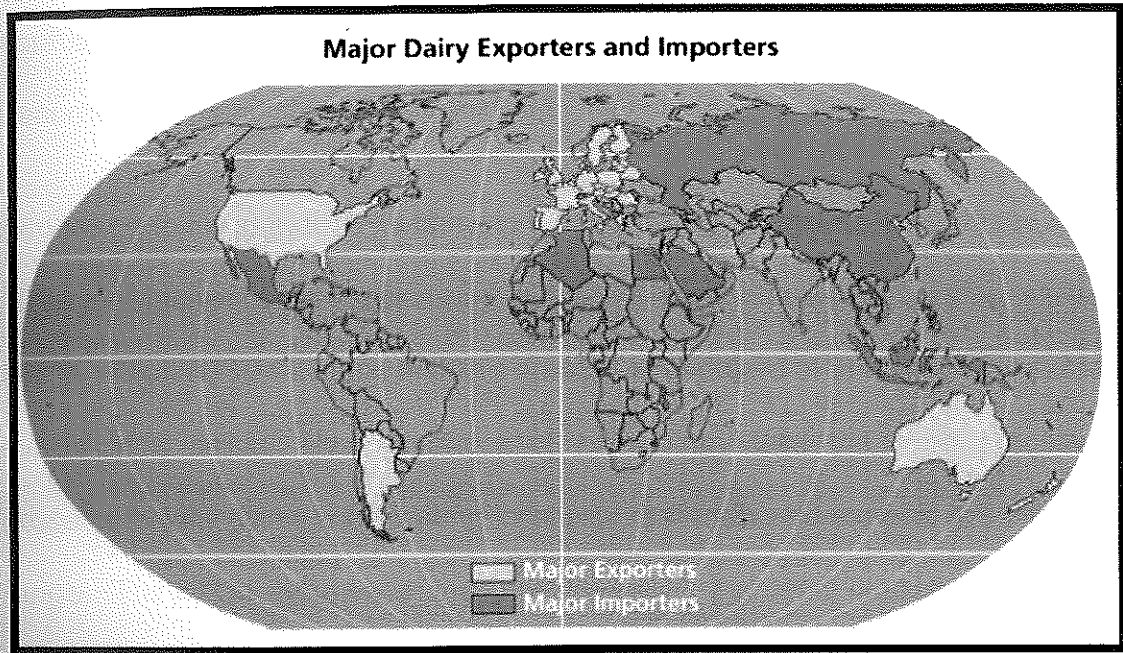


Figure 2: Major Dairy Exporters and Importers (World milk production, 2013)

India had become the world's largest milk producing country, set to grow by 5.3 million tonnes to 141 million tonnes (World milk production, 2013). Its rising disposable incomes and population growth are the two main dynamics behind the increase in India's production. Expansion in herd size, as well as improved productivity, is an important engine in the expansion. Increased output is also anticipated in China, Pakistan and Turkey, spurred by steady growth in consumer demand.

Nowadays, food products have become one of the top 10 categories that spent big amounts in advertisements in Malaysia (Malaysia entertainment and media outlook, 2013). The leading producers of food in Malaysia are expected to continue strengthening their competitive edge through the introduction of healthy and convenient products. This is largely due to the increasingly sophisticated demand patterns of Malaysian consumers, many of whom are becoming increasingly health conscious.

According to Food Industry Malaysia (2011), this industry had contributed about 10% in Malaysia's manufacturing output. The annual export value showed RM11 billion (USD4 billion) and this amount is two-third of the total food exports over RM18 billion. The advances of technology lead the food processing process to fully utilize the existing local raw materials and expand the product's range. They had increased the investment in the food industry and made Malaysia continue to be a net importer of food products, with annual import of more than RM30 billion (USD9.9 billion) by export food products to more than 200 countries.

Malaysia's current population is around 28.58 million with about 2% annual growth rates (Food Industry Malaysia, 2011). Living standards of Malaysian have seen improved steadily with its purchasing power (per capita income exceeds RM22, 000 or USD7, 000) (Food Industry Malaysia, 2011). Human kind's lifestyle changes have increase in the demand for convenience food and healthy foods inherently. The incensement of acceptance of Malaysia's food products in overseas market had led the incensement exports of processed



food. This is contributed mainly by products such as cocoa and cocoa preparations, prepared cereals and flour preparations, processed seafood and dairy products (Food Industry Malaysia, 2011). Therefore marketers need to organize promotional and advertising activities in order to attract more consumers.

Brand Awareness and purchase intention in business world is an important research topic to get more insight and design suitable solutions to compete and sustain in the competitive market. Nowadays, consumers will make purchase decision based on their favorite and familiar brands raised in their mind. In order to sustain in the competitive market marketers need to make consumers have intention to purchase their products and brands. According to Macdonald and Sharp (2000), even consumers have the wish to purchase a product, brand awareness is still one of the important factors that can influence consumers' purchase decision.

Thus, brand building is one of the company's driving tools for physical products as well as the primary concerns for marketers, because it is a mental representation in consumers mind. Brands build up its image through several levels of process and brand messages to form in customer's minds (Gronroos, 2000). Successful brand awareness will lead a company to success in that industry with good reputation and acceptance in the market (Gustafson & Chabot, 2007).

Advertising plays the main role in communicating products identity, information and benefit customer. Advertising can be achieved through various media like television, newspapers, radio, banners, pamphlets, websites etc. It has high interaction with consumers in household or personal purchase in daily life. Due to the increasing self-service and changing lifestyle, advertising can as a useful tool for marketers to stimulate consumer's impulse to purchase the products and services specifically in food products such as milk powder. In other words, advertising performs as an important role in marketing communications as one of the important factors that can influence consumer's purchase decision.

However, advertising media have their pros and cons. Marketers need to evaluate each of them before selecting the right media to deliver products and services information. The selected advertising media must be able to reach the target market with low cost while high possibility message delivery to consumers. According to Tseng (2007), in a competitive environment, the most important issues for marketers are to keep consumer purchase intention and to contribute long term profit to organizations.

Therefore, marketers need to select the right advertising media to attract potential consumers. Effective advertisements can assist marketers to attract, retain and satisfy consumers by maximizing company's profit and building up consumer purchase intention. As a result, marketers need to promote products and services in the best possible manner. This has further led to the development of new advertising techniques and an increase in the number of advertising agencies. The aim of every promotional campaign is to enable the

products to reach the right people by increasing the awareness about the products. This is important for the success of a business.

To ensure the sustainability in future, it is important for an organization to identify the advertising media that can influence consumer purchase intention, which can build the long-term relationship with consumer. Thus, this study aims to understand the relationship between the influences of advertising on consumer purchase intention. Meanwhile it also defines to what extent each factor influences consumer purchase intention on milk powder.

## **1.2 Problem Statement**

Researcher found previous researches mostly focus on the link between products and quality and seldom focus on advertising effect on the products brand itself. Therefore, researcher thought the direction to define the root of the loss of market shares was not indentified effectively. This had raised an issue to marketers that consumers do not only focus on products' quality when they making purchase decision (Olshavsky, 1985).

According to Rahimov (2012), marketing is a growing field that includes many different topics that worth to do individual literature reviews. Kotler (2003) also stated that today's businesses are facing a critical issue which is not shortage of goods but shortage of consumers. Hence marketers need to create and deliver the superior of consumer value to keeping and growing consumer in the market.