

# **INTI INTERNATIONAL UNIVERSITY**

## **MASTER OF BUSINESS ADMINISTRATION**

**Impact of Billboards on Customer Purchase Intentions: A  
Study in KTM Commuter Stations, Malaysia**

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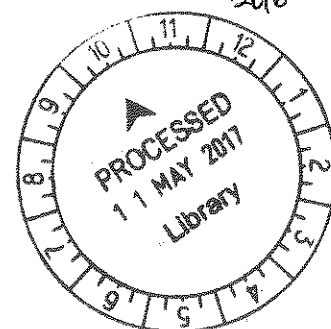
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## Declaration

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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## ABSTRACT

Business is growing with the enhancement of technology globally. Marketers are also competing actively in the growing business to influence the purchasing behavior of customers. Marketers are identifying the attractive design tools to deliver and communicate their ideas to customers and to advertise to attract and influence the targeted customers. Having said the existing technology to advertise such as newspapers, magazines, media and internet, yet do the customers still have time to look at this kind of ads in their busy schedule of work life (Latif & Abidin, 2011). By engaging their selves in many activities, customers do not have time to get information about the products in the markets. In this circumstance, marketers select the unique tool Billboard as the advertising tool to trap the customer's intention to purchase (Balkafl, Akbulut and Kartopu, 2005) even though they are travelling. Many researchers identify that billboard has a unique characteristic which will trap the customers attention in the first look (Kelley and Jugenheimer 2004; Sissors and Baron 2002; Taylor 1997; Vanden Bergh and Katz 1999; Woodside 1990). In this research study, factors which have greater influences on the customer's purchasing power decision through billboard advertisement are studies. A structured self-administered questionnaire is distributed to the respondent in random at KTM Komuter Station Seremban, Nilai and KL Central. The empirical result analyzed proven how billboard influences the customer's purchasing power towards the marketed product. The results indicated that awareness and desire has significant relationship between consumers' desire towards billboards and purchase intention towards products advertised and awareness will lead to interest which eventually will also lead to desire. Therefore, in future marketers and advertising agencies need to be pro-active ensuring the suitability of the billboards design according to customer's requirement and preference.

**Paper Type: Research Paper**

**Keyword: *Billboard Advertisement, Outdoor Advertisement, Attention, Interest, Desire***

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## LIST OF ABBREVIATIONS

Ad	Advertisement
CAGR	Complex annual growth rate
DAGMAR	Defining Advertising Goals for Measured Advertising Response
EFA	Exploratory Factor Analysis
KMO	Kaiser-Meyer-Olkin
KL	Kuala Lumpur
KTM	Keretapi Tanah Melayu
MSA	Measure of sampling adequacy
$\rho$	Significant value
$R^2$	Coefficient of Determinant
RM	Ringgit Malaysia
TV	Television
SPSS	Statistical Package Software for Social Science

## LIST OF FIGURES

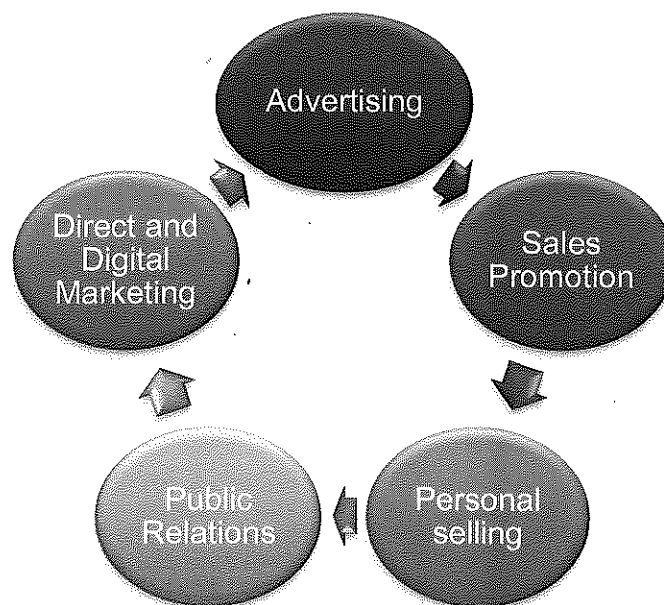
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## CHAPTER 1: INTRODUCTION

### 1.0 Background

Advertising is a business whereby entrepreneurs invest a huge amount of money in attracting the attention of people towards their product and services. In business, advertisement is been used as the major promotional tool to attract the attention of the people. In the current enhancement of technology globally, the mode of advertising is being change to transformation towards the contemporary business following and competing with the current competitive trends. In any businesses advertising is been using as the commercialized tool in promoting their product and services.

In the contemporary global era, businesses are using the promotional mix tools as to communicate their product and services to the customers. The basic promotional mix tools used in marketing are as follows:



**Figure 1.1: The Promotional Mix Tool used in Marketing Process**

(Source: Adapted from: *Fundamentals of Marketing*, 13<sup>th</sup> Ed. Philip Kotler, Pearson)

In comparison with today's businesses, all the companies use these tools to engage consumers, persuasively communicate customer value and build a good customer relationship. The main objective of advertisement is done by companies is to identify the consumers purchasing behavior (Abidin and Saleem, 2011). By taking consideration on the price and other factors, the company finds that billboard advertisement has a unique characteristic (Kelly and Jugenheimer, 2004). Day by day, the trends of using billboard advertisement as the outdoor advertisement are increasing.

### **1.1 Billboard Advertisement**

Billboard is a unique tool of advertisement use by advertisers to attract the consumer's intention of purchasing the product and services offered by the company. Companies find that billboard is the most effective and efficient way to do advertising which much more affordable compared to media advertising (Taylor and Franke, 2003; Taylor, Franke and Bang, 2006). In another research by Cat Chin (2011) identified that there are many functions of billboard such as:

- Circulate the information to the customers (Cat Chin, 2011)
- Stimulate the believes and good opinion and understanding on the offered product and services (Cat Chin, 2011)

In a different research (Charles R. Taylor and George R. Franke, 2003), identified that companies uses billboard as the advertisement tool benefit more compared to other media and print advertisement. Benefits of advertisement using billboard is as follows:

- Affordable, cheap and communicate precise information (Charles R. Taylor and George R. Franke, 2003; Taylor, Franke and Bang, 2006)
- Draw the attention of customer at one quick glance of look (Charles R. Taylor and George R. Franke, 2003)

- Billboard can be placed everywhere highway, along the road, shopping malls, tall buildings etc. (Charles R. Taylor and George R. Franke, 2003; Taylor, Franke and Bang, 2006)
- Advertisement is available 24/7 (Taylor, Franke and Bang, 2006)
- Billboard provide the clear message through the picture, size of font used, design and structure of the advertisement (Taylor, Franke and Bang, 2003)

The benefit of advertising using billboard proved the evidence that advertising using billboard is more effective in doing promotion. Billboard certifies frequent and continuous publicity to the advertisement since some of the billboards are located very high in the building. The most unique characteristic of billboard advertisement is, the tool cannot be off or skipped since it is placed on a board not otherwise as other tools such as media and radio and television ads. The capability of billboard advertisement is it has the features to be access at any time by the people as they go about their daily lives. Most of the time consumers are using the Commuter facilities in travelling, and the billboard is available to capture the customer attention frequently whenever they are travelling. The most advantages is consumers are able to see the same billboard with the same advertisement at different location while they are traveling (William, 2009).

In a study on analyzing the effectiveness of the billboard advertisement by Bill Sugget, 2011, has identified six elements which make the billboard advertisement effective and successful. In the study, the researcher emphasize on the billboard should only consist of limited or fewer word, which is very precise and simple to understand. Using shorter phrases will help the consumer to understand the word the advertisement. Clear messages with huge font size will be more ease to be understood. In the research, the author also emphasizes the not to use any pictures or terminology which could harm the consumers feeling unintentionally. The use of appropriate picture should be considered. The design should be clear and not too dark which may confuse the consumer's intention to purchase.

The success and effectiveness of billboard is identified due to the location of the ads are placed. The outdoor ads can be placed at any location which will not disappear. In norms the location will be where many people move around to get the target population (Taylor, Franke and Bang, 2006). Place is also another factor where by creates the opportunity to influence the peoples intention to purchase a product. The appropriate place is required to capture the target population so that the marketers don't miss any of the target population. Place to locate the billboard also enables the marketers to convey the messages to the targeted populations.

Billboards existing were striving to contribute to the business environment for a longer time with high definition. In many promotions the billboards being used as the major media of advertisement. Nowadays, even though the form of advertisement has become more complex, yet, billboard advertisement is being used as the leading outdoor advertising tool. As the stimulus over other modes, marketing strategies, design ethics, and successful harmonies, billboards remain an effective outdoor advertising standard.

The Malaysian advertising industry has made some amazing progress from its initial beginnings to what it is today, where it stays as a standout amongst the most focused markets in the area. Malaysian picked up its independence in 1957 and taking after the following couple of years saw some expert offices like Bosses, Benson, Fortune, MarkLin and Union 45 who assumed critical parts in the advancement of this industry then. In Malaysia, all consultants and practitioners of advertising are adhere to follow the Malaysia Code of Advertising Practice which was launched in 1977 by first Prime Minister, the late Tunku Abdul Rahman Al-Haj. The code merely compromises of the principle of good advertising which to advance and implement high moral guidelines in advertisements. To explore disagreements, to distinguish and resolve issues, to guarantee that the framework works in people in general intrigue and to go about as a channel for correspondences with the individuals who have an enthusiasm for publicizing principles (Asa.org.my, 2016).

Moving ahead, one can no longer deny the significance of digital advertising and out-of-home media. Where this is concerned, promoting campaign would stay as campaign and if new media is not consolidated, the brand would miss out to its rivals who do. Billboards, digital boards utilizing LED innovation, public transportation such as bus, train or taxi and huge building wrap-around have turned into significantly more mainstream today than before and this scene will just proceed to develop and flourish sooner rather than later. Billboards are fabulous advertising choices which can be utilized to catch the attention of viewers for a brief span. Most viewers have a short burst of few moments to see the billboards as they are huge and normally situated on junction and along highways. A solid message must be forced which strikes the viewer and in this way leaving a solid impression nor the impact will be lost. Comparing to numerous advertising media, billboards are lesser and affordable by organizations contrasted with other media like radio and television, it is a considerable measure less expensive and reasonable. Rental charges are generally paid forthright which will incorporate booking and design then there are no further charges. To book the space, the publicist would need to pay amongst RM50 and RM5,000 every month, contingent upon the size and board (Advertising.My, 2016). Based on Yusoff (2016), Malaysia advertising industry generate income of RM 16 billion per year where advertising in Malaysia grew at an average of five to six per cent year-on-year, said the Media Specialists Association (MSA) and among other things, digital advertising is growing at the fastest rate of 25-35 percent per year, followed by pay-TV penetration rate of 55 percent among homeowners Malaysia (Sinarharian.com.my, 2016).

## **1.2 Problem Statement**

Nowadays advertisements is the one of the most successful and powerful tool to communicate and reach entrepreneur's businesses to publics. Many are investing huge expanse of cost in advertising their product and services to give awareness and aspiration to the public on effectiveness of the product or services. In Malaysia, entertainment and media industry are above global average growth rate for next coming five years where it is projected to raise at