

**The Influence of Advertising on Consumer
Purchasing Intention of the Proton.**

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**The Influence of Advertising on Consumer
Purchasing Intention of the Proton.**

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the degree of Bachelor of Technology Management (Hons) in High Technology
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JUNE 2013

DECLARATION

I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name :

Date :

DEDICATION

This research paper is lovingly dedicated to my respective parents who have been my constant source of inspiration. They have given unconditional support with my studies. I am honored to have them as my parents. Thank you for giving me a chance to prove and improve myself through all my walk of life. To all my family thank you for believing me for allowing me to further my studies. Lastly to my sister, hoping that with this research I have proven to you that there is no mountain higher as long as Allah is on our side. I hope that you could be motivated to further your studies to enhance your potential.

ACKNOWLEDGEMENT

Alhamdulillah. Thanks to Allah, whom with His willing giving me an opportunity to complete this research paper entitled “The Influence of Advertising on Consumer Purchasing Intention of the Proton.” to fulfil the compulsory requirements of Technical University of Malaysia Melaka (UTeM) and the Faculty of Technology Management and Technopreneurship (FPTT). I would like to thank, without implicating, to my fellow classmates, supervisor, lectures, family and friends for helping me working on this research project.

I would like to express my deepest thanks to Pn. Nor Azan Binti Abd. Gani a senior lecturer at FPTT and also assigned as my supervisor who had guided me for the task during two semester in session 2013/2014. Also sincere appreciation and thanks to Dr. Chew Boon Cheong and Dr. Ismi Rajiani for sharing their experience and knowledge in the Research Methodology and Marketing Research subject that really helped me through the writing of this research.

Lastly, deepest thanks and appreciation to my family members, their endless support, encouragement, and full support during the report completion from the beginning till the end.

Thank you very much.

ABSTRACT

Advertising is a communication tools that aimed to convince the audience regardless whether they are viewers, readers or listeners. Usually advertising will makes people seeks the information, evaluation of alternatives, as well as make purchase decision. This paper investigates the relationship between independent variables which are verbal, visual and ethnocentrism.

The evolution of advertisement dates back into the ancient times. Societies used symbols, and pictorial signs to attract their product users. Over centuries, these elements were used for promotion of products. In the early ages, these were handmade and were produced at limited scale for promotions. Later on, this phenomenon used and gained strength more intensively for promotional purposes. Today's modern environment, advertisements have become one of the major sources of communicational tool between the manufacturer and the user of the products.

A company cannot make dream to be a well-known brand until they invests in their promotional activities, for which consumer market have been dominating through advertisements (Hussainy et al., 2008).As the primary mission of advertiser is to reach prospective customers and influence their awareness, attitudes and buying behavior. They spend a lot of money to keep individual's interest in their products. They need to understand what makes potential customers behave the way they would like. It also appears that advertising may have the potential to contribute to brand choice among consumers (Latif *et al.*, 2011)

ABSTRAK

Pengiklanan meruokan sebuah alatan pemasaran yang bertujuan mendapatkan perhatian pengguna dengan cara penglihatan mereka, pendengaran mereka dan pembacaan mereka. Pada kebiasaanya, pemasaran berupaya memangkinkan audiens untuk mendapat sesuatu informasi, menilai alternative barangan di pasaran dan juga membuat tindakan pembelian. Kertas kajian ini mengkaji kesan pengiklanan terhadap keinginan untuk membeli kereta Proton. Dari sudut lisan, visual dan etnosentrism.

Evolusi pengiklanan bermula awal sejak zaman kuno lagi. Masyarakat menggunakan symbol dan gambar untuk menarik minat audiens untuk membeli barangan mereka. Lama kelamaan, elemen ini digunakan sebagai alatan pemasaran. Pada peringkat permulaan, aktiviti ini digunakan untuk barangan buatan sendiri dengan skala yang kecil. Lama kelamaan, fenomena ini digunakan secara meluas bagi tujuan pengkomersilan. Dalam persekitaran yang serba moden ini, pengiklanan menjadi satu faktor penting di antara pengeluar dan pengguna.

Sesebuah perusahaan yang optimis untuk menjadi jenama haruslah melabur untuk aktiviti pemasaran, di mana, pasaran pengguna kini dikuasai dengan pengiklanan (Hussainy et al., 2008). Memandangkan motif utama pengiklanan adalah untuk dilihat pembeli prospektif dan mempengaruhi kesedaran mereka, sifat mereka dan perilaku pembelian mereka. Mereka membelanjakan wang yang banyak untuk memastikan kepentingan individu tercapai. Mereka perlu memastikan apakah yang memengaruhi faktor pembelian pembeli prospektif. Pengiklanan juga dapat memastikan pengguna dapat menilai dengan lebih baik berkenaan penjenamaan sesuatu barangan (Latif et al., 2011)

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LIST OF ABBREVIATION AND SYMBOLS

ABBREVIATION TITLE

FPTT	Fakulti Pengurusan Teknologi Dan Teknousahawanan
R	Correlation of Coefficient
R²	Coefficient of Determination
SPSS	Statistical Package for Social Science
UTeM	Universiti Teknikal Malaysia Melaka
X1	Verbal Advertising (Independent Variable)
X2	Visual Advertising (Independent Variable)
X3	Ethnocentrism Influence (Independent Variable)
Y	Purchasing Intention of Proton (Dependent Variable)

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1	Questionnaire Sample

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing identifies unfulfilled needs and desires. It defines, measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services. Mikes Sprouse stated that effective marketing is a two-way communication that combines both art and science. It is a discipline with no end game that must be constantly honed, tweaked, and tested. Effective marketing builds relationships and inspires trust. The key to effective marketing is getting the communication mix correct for the brand, product or service, understanding how it best interacts with customers or users in the most conducive and accepting environment.

The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution. The first elements of marketing mix is

products. It is the goods itself or services that offered by a company to its customers. The second is price. It is the amount of money paid by customers to purchase the products. The third is place or distribution. It is the activities that makes the products available to consumers. The last one is promotion. It is the activity that communicate the products feature and benefits and persuade customers to purchase the products. An effective marketing strategy combines the 4 Ps of the marketing mix. It is designed to meet the company's marketing objectives by providing its customers with value. The 4 Ps of the marketing mix are related, and combine to establish the product's position within its target markets.

Promotion refers to raising customer awareness of a product or brand, generating sales, and creating brand loyalty. Promotion is also found in the specification of five promotional mix or promotional plan. These elements are personal selling, advertising, sales promotion, direct marketing, and publicity. There are different ways to promote a product in different areas of media. Promoters use internet advertisement, special events, endorsements, and newspapers to advertise their product. Many times with the purchase of a product there is an incentive like discounts, free items, or a contest. This method is used to increase the sales of a given product.

Almost every one grows up in the world which is flooded with the mass media, like television, advertising, films, videos, billboards, magazines, movies, music, newspapers, and internet. Of all marketing weapons, advertising is renowned for its long lasting impact on viewer's mind, as its exposure is much broader. Advertising is a subset of promotion mix which is one of the 4P's in the marketing mix, consisting product, price, place and promotion. As a promotional strategy, advertising serve as a major tool in creating product awareness in the mind of a potential consumer to take eventual purchase decision. Advertising, sales promotion and public relations are mass-communication tools available to marketers. Advertising through all mediums influence audiences, but television is one of the strongest medium of advertising and due to its mass reach, it can influence not only the individual's attitude, behavior, life style, exposure and in the long run, even the culture of the country

Purchase intention is the degree by which consumer were motivated and influenced to trigger the purchase momentum. This is an important indicator for estimating consumer behavior. When consumer have a positive purchase intention, it will form a positive attitude to purchase the products. Purchase intent is an important measure of brand health. It is often measured in advertising effectiveness studies. Usually, this study conduct to measure whether an advertising campaign or marketing program has increased consideration.

1.2 Problem Statement

In Malaysia, Proton Holdings Berhad (PROTON) was a well- known local automobile manufacturer. It was established in 1983 as the sole national car company until 1993, when Perusahaan Otomobil Nasional Sendirian Berhad (Perodua). The concept of national car was first popularized by Tun Dr. Mahathir bin Mohamed, the former Prime Minister of Malaysia, which aiming to enhancing the Malaysian industry. Initially, the company owned by the government of Malaysia through Khazanah Nasional and was headed by its founder, Dr. Mahathir himself. After venturing with Mitsubishi Motors, Proton Saga was launched on 9 July 1985 as a first national car. It was based on Mitsubishi Lancer Fiore model.

Over the years, subsequently witnessed significant development and milestones in Proton's history both domestically and globally. It can be shown by the model then produces, which is Proton Saga Iswara, Proton Wira, Proton Satria Proton Putra, Proton Perdana, Proton Tiara, Proton Waja, Proton Gen- 2, Proton Persona, Proton Exora, and they become more aggressive with the introduce of Proton Inspira, Proton Preve and Proton Suprima S.

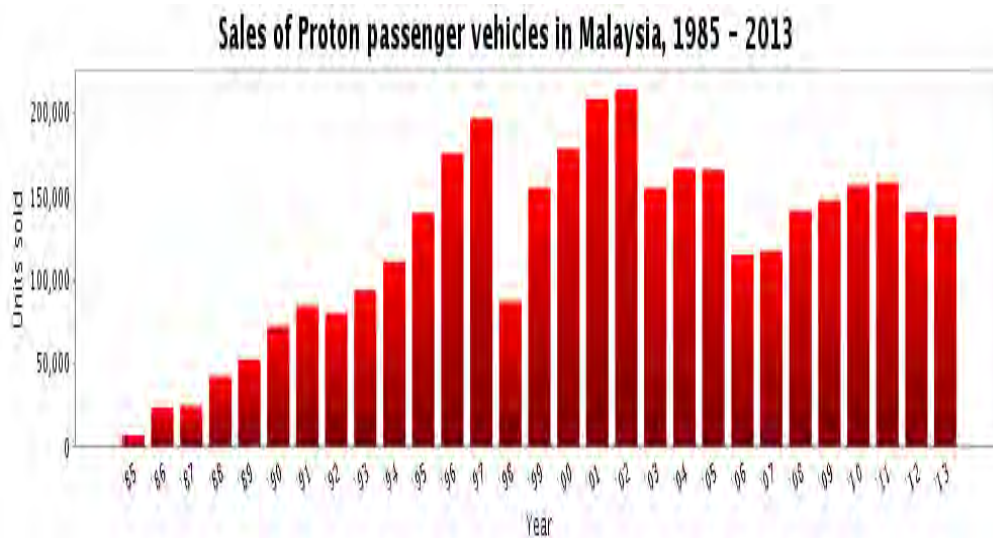


Figure 1.1: Sales of Proton

During their first decade on the market, Proton sales grew at a stable rate. However, due to 1997 Asian financial crisis, the trends stops and decline tremendously. However, the next year, it starts to increase and reach its peak at the year 2002 at 214, 373 units. However, sales gradually decrease for the following years due to the new entrance in the market that create strong competitive offerings includes cheaper prices. In the year 2008, it manage to recover their market share slightly but currently, they are in declining state. All over the year Proton operates, they managed to sell over 3,500,000 cars in Malaysia between 1985 and 2013.

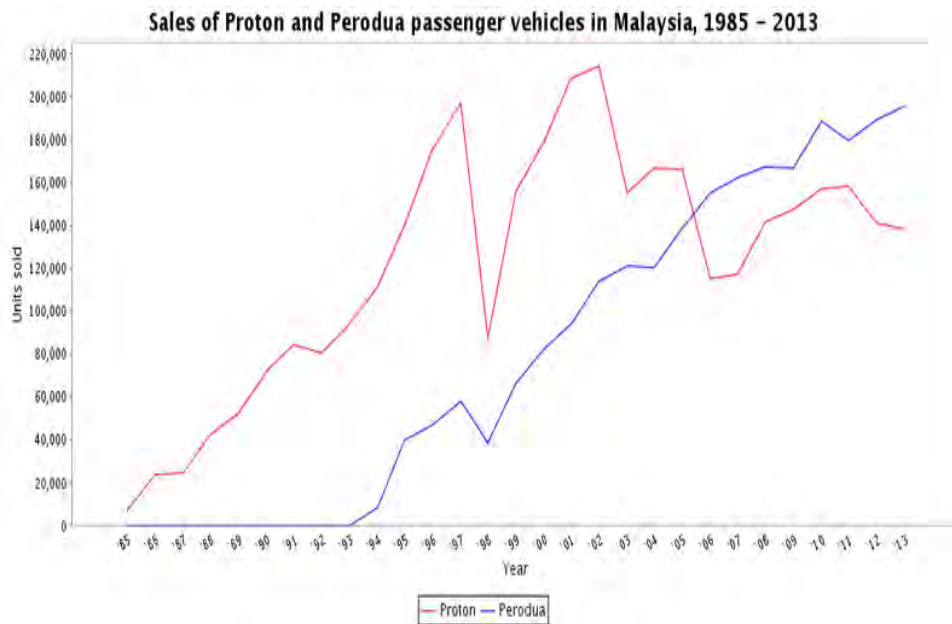


Figure 1.2: Proton Sales Vs Perodua Sales

Serving in domestic markets, Proton challenged by Perodua. Started out as a complement to Proton, and not a competitor Perodua has overtaken the title to become the best Malaysian's bestselling automobile manufacturer. Perodua manage to sell in greater numbers due to their cheaper pricing range and better designs from their parent company, Toyota.

Thus, to win back the domestic market, Proton should be more focus on their marketing strategies. Marketing activities has become a very crucial elements to market the car and to get consumer awareness about the presence of this kind of products. Advertising is one of the famous marketing strategy to appeal and to please consumer to attract consumer awareness. There are various way of advertising that used by the company in order to please, appeal and motivating consumer to buy their products.

Consumer purchasing intention is determined by many factors, and one of the important factors is the advertising influence. A study was conducted to determine the influence of advertising that contribute to the purchase intention of

the car. This studies observe the relations of visual advertising influence, verbal advertising influence and ethnocentrism advertising influence.

Research Question

1. What is the relationship between visual advertising influences on consumer purchasing intention of the Proton?
2. What is the relationship between verbal advertising influences on consumer purchasing intention of the Proton?
3. What is the relationship between ethnocentrism influences on consumer purchasing intention of the Proton?

1.3 Research Objective

In this research, several objective are to be studied:

1. To identify the relationship between visual advertisement influences on consumer's purchasing intention of Proton.
2. To identify the relationship between verbal advertisement influences on consumer's purchasing intention of Proton.

3. To identify the relationship between ethnocentrism influences on consumer's purchasing intention of Proton.

1.4 Scope, Limitation and Key Assumption of the Research

1.4.1 Scope

This study scope is on the advertisement influence on national car users purchasing intention to buy the national car. The advertisement influence scopes were the verbal, visual and ethnocentrism elements only. Research were conduct to identify whether all that three elements will have a positive reaction with the purchase intention.

1.4.2 Limitation

This study is limited to the national car users. Therefore, data from non-national cars users were irrelevant. To be more specific, only Protons users purchasing intention were studied. For the location, it were done by two ways, distributing the questionnaire and via the web. For distributing the survey, it were done at Johor and Melaka, due to the access reason. Besides, due to the limited time, this research study is not time- horizon type. Therefore, the respondent studied were only national car user. As this research studies only the Proton's user, the data also collect only from the Proton user, and not from the others like Perodua or any other import car.

1.4.3 Key Assumption of the Research

Researcher believe that there will be a positive relationship between all the variable of the advertising influences towards the consumer purchase intention to buy the national car. It was because the support from the literature that all those things were very strong factors to triggering the purchase intention in the context of advertisement.

1.5 Hypothesis

After the researcher has identified the importance of each variable and established a theoretical framework, the researcher is in positioning to test whether the relationships are valid or not. Hypotheses can be defined as a logically conjectured relationship between two or more variables expressed in the form of a testable statement (Sekaran, 2003). The hypothesis's studied are:-

(i) Hypothesis 1

H₀: The visual elements in the advertising will not influence the consumer purchase intention of the Proton.

H₁: The visual elements in the advertising will influence the consumer purchase intention of the Proton.