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EFFECTIVENESS OF VARIOUS ADVERTISING FORMS EMPLOYED BY
THE SMALL AND MEDIUM ENTERPRISE (SMEs)

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of Technopreneurship with Honours

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DECLARATION

I hereby declared that this report entitled

**“EFFECTIVENESS OF VARIOUS ADVERTISING FORMS EMPLOYED BY
THE SMALL AND MEDIUM ENTERPRISE (SMEs)”**

is the result of my own research except as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree

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DEDICATION

I would like to dedicate the appreciation to my beloved family members especially my beloved parents, Ajmain Bin Sadi and Rosiah Binti Jamian, my siblings, Along, Yana and Aisyah that supporting me in term of financial and spiritual throughout this research. I also would like to thanks to my beloved supervisor Albert Feisal and my panel Associate Professor Dr. Mohd Syaiful Rizal Bin Abdul Hamid who guide, give advice, and support me during this journey. I would like to thanks to my dear best friends Eizzah, Fasrina, Syahirah, Siti, Sofiyah, Hani, Ika and my course mates that keep motivate me throughout this journey. This research is impossible to be complete in given time without their blessing and supporting towards me.

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ABSTRACT

The objective of this study on doing research is to expose the students how to prepare and handle the research studies for undergraduate studies. Moreover, it would enable to determine and acquiring student's knowledge for real research they finish study. In addition, it also give the opportunity for students to manage time and work in stress and may also increase the self confidence among students during their research. This research conducted in further explanation about advertising to achieve the objective regarding this topic. Advertising is a tool of communication by which the business used to promote their goods or services to public. There are several form of advertising that can used to determine the products or services in customer mind. Apart of that, advertising play an important role in engaging with the customers through various form of advertising. This study is to examine the effectiveness of various advertising form employed by Small and Medium Enterprise (SMEs). The researchers used qualitative method using interview as research method. Six of SMEs Company are selected to collect the information. The result of this research showed that the strength of advertising are ease of use, competitor and introduced a new products or services. Advertising give the impact to the SMEs Company which were sales growth, better quality product, engaging with customers and positive brand image.

Keywords: Advertising, Small-Medium Enterprise, Impact of Advertising

ABSTRAK

Objektif kajian ini adalah untuk mendedahkan para pelajar bagaimana mempersiapkan dan mengendalikan kajian penyelidikan untuk kajian sarjana muda. Selain itu, kajian ini memberi peluang kepada pelajar untuk menentukan dan memperoleh ilmu pengetahuan untuk penyelidikan sebenar yang mereka selesaikan. Di samping itu, ia juga memberi peluang kepada pelajar untuk menguruskan masa dan bekerja dalam tekanan dan juga dapat meningkatkan keyakinan diri di kalangan pelajar semasa penyelidikan dijalankan. Kajian ini memberi penjelasan lebih lanjut mengenai pengiklanan untuk mencapai objektif kajian. Pengiklanan adalah alat komunikasi yang digunakan oleh perniagaan untuk mempromosikan barangan atau perkhidmatan mereka kepada orang awam. Terdapat beberapa bentuk pengiklanan yang boleh digunakan untuk menentukan produk atau perkhidmatan dalam minda pelanggan. Selain itu, pengiklanan memainkan peranan penting dalam melibatkan diri dengan pelanggan melalui pelbagai bentuk pengiklanan. Kajian telah dijalankan untuk mengkaji keberkesanan pelbagai bentuk pengiklanan yang digunakan oleh Perusahaan Kecil dan Sederhana (PKS). Penyelidik menggunakan kaedah kualitatif seperti temuduga sebagai kaedah penyelidikan. Enam PKS telah dipilih untuk mengumpul maklumat tersebut. Hasil kajian ini menunjukkan bahawa kekuatan iklan adalah mudah untuk digunakan, pesaing dan memperkenalkan produk atau perkhidmatan baru. Pengiklanan memberi impak kepada PKS iaitu pertumbuhan jualan, produk yang berkualiti tinggi, melibatkan pelanggan dan imej jenama yang positif.

Kata Kunci: Pengiklanan, Perusahaan Kecil dan Sederhana, Kesan Pengiklanan

TABLE OF CONTENT

CHAPTER	TITLE	PAGE
	APPROVAL	
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	ABSTRAK	vi
	TABLE OF CONTENTS	vii
	LIST OF FIGURES	x
	LIST OF ABBREVIATIONS	xi
	LIST OF APPENDICES	xii
CHAPTER 1:	INTRODUCTION	
	1.1 Introduction	1
	1.2 Research Background	2
	1.3 Problem Statement	3
	1.4 Research Question	4
	1.5 Research Objective	4
	1.6 Research Scope	4
	1.7 Significance of Study	5
	1.8 Summary	6

CHAPTER 2:	LITERATURE REVIEW	
2.1	Introduction	7
2.2	Definition of SME and Advertising	8
	2.2.1 Small and Medium Enterprise	8
	2.2.2 Advertising	10
2.3	Types of Advertising	12
	2.3.1 Magazine	12
	2.3.2 Newspaper	13
	2.3.3 Radio	14
	2.3.4 Television	14
	2.3.5 Online	15
	2.3.6 Direct Mail and Catalogue	16
2.4	Strength of Advertising	17
	2.4.1 Ease of Use	17
	2.4.2 Fight Competition	18
	2.4.3 Introduce a new product or services	19
2.5	Impact of Advertising	19
	2.5.1 Sales Growth	19
	2.5.2 Better Quality Product	20
	2.5.3 Engaging Consumers	20
	2.5.4 Positive Brand Image	21
2.6	Summary	22
CHAPTER 3:	RESEARCH METHODOLOGY	
3.1	Introduction	23
3.2	Research Design	23
3.3	Exploratory Study	24
3.4	Qualitative Research Method	24

3.5	Primary and Secondary Data	25
	3.5.1 Primary Data Sources	25
	3.5.2 Method of Primary Data	25
	3.5.3 Secondary Data Sources	26
3.6	Location of Research	27
3.7	Time Horizon	27
3.8	Validity and Reliability	28
3.9	Summary	29
CHAPTER 4:	RESULT AND ANALYSIS	
4.1	Introduction	30
4.2	Interviewee and Company Background	31
4.3	Types of Advertising	32
4.4	Strength of Advertising	35
4.5	Impact of Advertising	38
4.6	Summary	44
CHAPTER 5:	CONCLUSION AND RECOMMENDATION	
5.1	Introduction	45
5.2	Summary and Conclusion	45
5.3	Limitation of the study	47
5.4	Suggestion for future research	47
5.5	Implications of study	48
5.6	Recommendation for SME to improve the advertising	49
	REFERENCES	50
	APPENDICES	52
	GANTT CHART	54

LIST OF FIGURES

FIGURES	TITLE	PAGES
2.2.1	SME Corp Malaysia	10

LIST OF ABBREVIATIONS

SME	=	Small and Medium Enterprise
HDC	=	Halal Development Corporation
GLC	=	Government Linked Companies

LIST OF APPENDICES

APPENDICES	TITLE	PAGES
A	Questionnaires for Interview	53
B	Gantt chart PSM 1	55
C	Gantt chart PSM 2	56

CHAPTER 1

INTRODUCTION

1.1 Introduction

The aim of this research is effectiveness of various advertising forms employed by the small and medium enterprise (SMEs). This chapter includes six elements for first chapter. First is the background of the study where it is about reviewing the area under review, the latest information on this issues, previous studies on this issues, and history of the issue. Then, continue with the problem statements which is a short description of the issues that need to be addressed. Third is about research questions defined as the fundamental thrust of research projects, studies, or literature studies. Fourth element is research objectives that answer from the research questions as well. Then, the research scope and the last elements is significance of study.

1.2 Background of study

Advertisement played important role in creating a strong or powerful brand of the products and services where the business can easily access the information with rapid growing technology advancement (Thai, 2007). Mike T. Bendixen, 1993, found that advertisement is important for organization to communicate with their customers, both current and potential. It is easier when the owner or entrepreneur has the whole knowledge about the way to market and how to attract customers to buy the products. They need to build an awesome websites that customer feels comfort to buy the products. They also need to create the content to fill up in the social media.

In order to make the product known by the customers, they need to use the internet to promote the product. Internet is a must thing today in order to market the product. The internet is a network of global exchange including private, public, business, academic, and government network which connected by guided wireless and fiber-optic technologies. Most of people search the information by using the internet. From the internet, they will connected with everyone without limits and it is easy way to communicating with other people around the world.

A good advertisement will increase the demand of the products and services and will create the brand awareness of the products in customer mind but also to keep an advertisement as message to the customer. The manager or owner need to focus on the time when to promote the products. They need the schedule to post the product through online and doing marketing to engage with the customer regularly. If they cannot managed the time, the customer cannot see the products and the products may be slow to boom in the social media. They need to research the right time to market the product smoothly.

Micro business is a business that employs fewer than five employees including the owners which operates or manage on a very small scale. They are more focus on their products rather than the customers which to fulfill customer needs. They lack of find the attractiveness of the product to seduce customer use and feel their products. They unaware

with the online advertisement that actually can increasing their sales. While small business is any company that employs fewer than 500 employees (SME Corp Malaysia).

1.3 Problem Statement

Advertisement play the important role in daily life. People are attracted to buy the products through advertisement in the way a businesses advertised. This could be one of the strategies that businesses can use and if the business not fully use the advertisement, the business will loss in that. Sometimes business think that they can promote their products in physical stores for a long time. But they do not realize that promote the product in physical store only will slow down the sales in term of engaging with their customers.

Customers are aware with the products or services when the business attract the customers with their products or services. Advertisement is the tools for the companies to inform the customers about their products and to enhance the customers to buy their products or services. Establishing advertisement will improve the productivity and create the awareness about the product. This is difficult because most of these enterprise have cash flow challenges (Gitau, 2012). This will create the brand itself which business can take as strength to their products or services. So advertisement is useful and can increase the sales. Some company should improve their advertisement as required followed by current trend.

Many researcher found that the biggest problem of advertisement is businesses do not know which types of advertisement they need to use in order to get a suitable advertisement to suit in their business (Bruch, 2005). This is because, it is related to the economic growth and on how the business can used the advertisement as their medium or platform to increase their sales and profit of business. They also put a wrong section in magazine or newspaper in order to inform the customers about the goods or services.

They also can know the strength of the advertisement regarding the types of each advertisement they use. Business will know how far the effectiveness of advertisement use in their company in order to increase their sales. Therefore, advertisement is an added

value on the product that give a message to the customers and it is useful to increase the sales and improve their products by using the feedback from customers.

1.4 Research Questions

The better understanding is needed for this research to know a detail about the effectiveness of various form of advertising among micro and small and medium enterprise. The following research questions are formulated to answer the problem statement.

1. What is the types of advertising used by small and medium enterprise?
2. What is the strength of advertising to the small and medium enterprise?
3. What is the impact of advertising to the small and medium enterprise?

1.5 Research Objective

In order to verify the research questions above, research is focus and objective has been constructed. There are three objectives of this thesis as follow:

1. To identify the types of advertising in micro and small and medium enterprise
2. To examine the strength of advertising in micro and small and medium enterprise
3. To investigate the impact of advertising in micro and small and medium enterprise

1.6 Research Scope

This study is focus on effectiveness of advertisement in micro and small business. The location of this study is around Serkam, Melaka. This is because, a lot of Micro and SMEs that researcher focus related to the research topic.

1.7 Significance of the study

Nowadays, advertisement is a way or tool that business can use in order to introduce and promote their products or services. It is important in new era on business today that need the businesses to promote their products in order to increase the sales and achieve their targets. This is because, advertisement provides useful information for customers that tells them about the product itself. Customers can know what are the products or services offered to them and make a comparison in term of features, prices, quality of the products, and benefits.

This research can guide the business out there on how to use advertisement as a platform to them to increase the sales and spontaneous will increase the demand of products. The customers will never get to know about their products if they are not advertised. So it is important to the businesses to promote their product to earn profits. Then, it can help the customers to make a decisions which products or services they want to buy. So with the advertisement, they will get the best possible options of their purchasing.

1.8 Summary

In a conclusion, this chapter describes the research background, problem statement, the research questions, and objectives of research. It also concluded the research scope, and significance of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

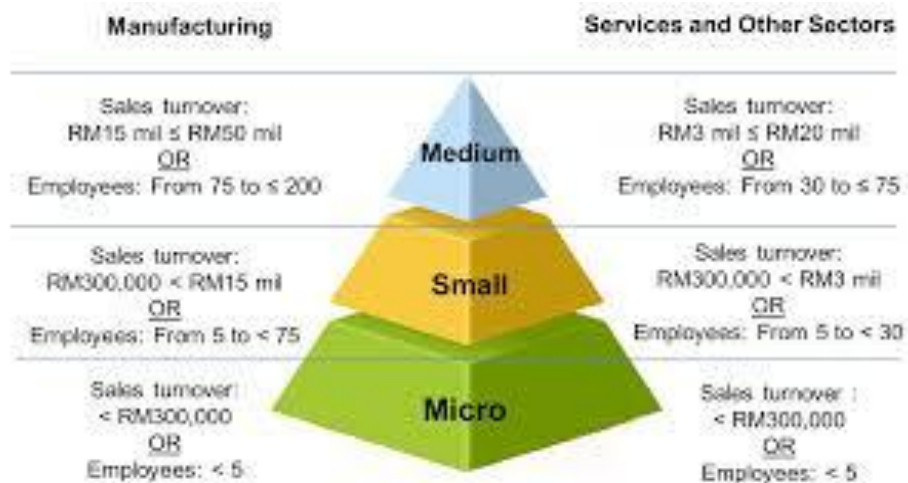
This chapter explained the relevant of literature, including the definition of Small and Medium Enterprise and advertising. The effectiveness of advertising can be seen when the explanation given in this section. The researcher will further describe about the types of advertising can be used to achieve the target audience. Next, the strength of advertising also stated in this section to know more how advertising can drive the micro and small and medium enterprise in order to increase the sales and profits. This section also provide the impact of advertising to the micro and small and medium enterprise company. Literature review was an important part of the study to review and make references to critical and systematic review of data and information. At the end of this chapter, summary was made.

2.2 Definition of SME and Advertising

2.2.1 Small and Medium Enterprise (SMEs)

SMEs play an important part to the economy of any country that they are usually the main source of employment, growth and innovation. According to SME Corp Malaysia, there are two criteria that define SMEs which are sales turnover and number of full-time employees as OR basic. In manufacturing sector, SME defined as firm with sales turnover not exceeding RM50 million or number of full time employees not exceeding 200 as seen in Figure 1 while, in services and other sectors, SMEs are defined as firm with sales turnover not exceeding RM20 million or number of full-time employees not exceeding 75 as showed in Figure 1.

In developing countries, the dynamic role of SMEs insures them as engines through their objectives to growth. Generally, SMEs play a crucial part in dynamic economy economic growth either in developing and developed countries (Beck, Kunt, and Rose, 2003).



2.2.1 : SME Corp Malaysia

A healthy SME sector contributes to the economy when they create more employment opportunities, generating higher production volume, increasing the exports and introducing the innovation and entrepreneurship skills. There is a consensus among policy makers, economists, and business experts that small and medium enterprises (SMEs) are drivers of economic growth. Malaysian SMEs can be grouped into three categories; Micro, Small or Medium (Hashim, 2007). In general, however, small and medium sized enterprise in Malaysia have commonly been classified using fixed quantitative element such as the number of employees, amount of capital, amount of assets and sales turnover.

According to SME Corp Malaysia, they create a several development programmed to SMEs company and promote it. They said again that the initiatives is to helps the SMEs company to enhance their competitiveness, make innovation, achieve the performance, increase the productivity and gain to access in international markets. SMEs are a spirit and growing sector in most economies around the world. However, because of their size and limitations, many researcher has shown that the SMEs face a liability of smallness (Gitau, 2012). They are facing a difficulties to build a new technology or to make some changes in the current ones (Gitau, 2012).

SME Corp Malaysia also has designed a several programme to SMEs Company. The programme that have been mentioned above are the programme for SMEs Company too. But, there are additional programme and initiatives for them such as SME Innovation Award, SME Mentoring Programme, Business Linkage Programme, Program National Mark of Malaysian Brand and 1-InnoCERT Programme.

The idea of National Mark of Malaysian Brand is the collaboration between SME Corporation Malaysia with SIRIM QAS International Sdn. Bhd which a certificate scheme that depicts, the quality, excellence and distinction of goods and services of Malaysian companies. Through this effort, Government put the hopes to SMEs companies to switch the judgment or impression that the local products are of lower quality, reliability, and less in packaging standard than big brand or companies.

SME Corp Malaysia, Nestle Malaysia and Halal industry Development Corporation (HDC) create the potential business opportunities towards local SMEs in the Halal Food and Beverages (F&B) industry that have established a strategic collaboration. In order to improve the business performance, SME Corp Malaysia created the two-day programme under SME Mentoring Programme that offers SMEs the chance to share, explore and enhance their knowledge in business to compete with the global or international markets.

According to SME Corp Malaysia, business linkage programme to construct opportunities for business linkage through Business Matching Sessions conducted at annual flagship events. It also about pinpoint synergies and establishing linkages between SMEs and large companies, MNCs and Government-linked Companies (GLC) for vertical growth opportunities which they recognize the value of systematic and smart networking.

While 1-InnoCERT Programed is initiatives by SME Corp Malaysia to advertise and enhance innovative companies in Malaysia as endorsed by the JawatanKuasa Tindakan Penyelarasan Inovasi Negara and the National Innovation Council on 2009. The aim of 1-InnoCERT Programme is to encourage innovative enterprise though the exploitation and intensifying home-grown innovations and Research and Development (R&D) test.

2.2.2 Advertising

When talk about business, the first thing that come out in the mind is about how to make the product known to customers. It is important to the business to used advertising as their platform to promote their products or services. Advertising can be described as direct communications to the customers about the products benefit and put some elements that drive to the products itself. Philip Kotler (1999) describes advertising is about promote the ideas, products or services by an identified sponsor and known as any compensated form of non-personal presentation. The purpose of advertising are to make

an awareness about the product, convince the customers that the product or service is right for their needs, and create the image of the company.

Advertising related to the economy which stimulate sales and increase the number of sales of a certain product or services in a certain period of time. It also to informs, create the needs and wants for the products and attract people to buy. It means that, the more people respond to the advertisement, the better for the economy due to number of sales and profits increase (Kotler, 2002). This is because it will create more choice of the product or services to the customer and the ability to wider the economic growth by create the competitiveness.

Micro and SME business need to apply advertising in their business in order to attract the customers to buy their products. Advertising is a communication tools to promote the products or services and engage with the customers directly or indirectly. Advertising has the power to influence the customer mind, persuade and to communicate with the customers. It also have the power to change markets and improve profit margins. In other word, advertising is about products, services and ideas through several of media and it is an impersonal communication of information that is usually persuasive by nature and paid by identified sponsors (Bovee, 1992).

The term of advertising simply means whether small or large which they can use advertisement as the role or functions to all businesses (CHUKWUMA, 2018). The task of finding and stimulating the target customers for a firm output (Gana, 2008). However, advertising should fulfill or meet the needs of customers by product modifications, product development, pricing, distribution and communications and other element that related to the advertisement (Kinghan, 2007)