



**FACTORS INFLUENCING FAST FOOD
RESTAURANTS ADVERTISEMENTS
EFFECTIVENESS: AN EXPLORATORY STUDY
OF MALAYSIAN CUSTOMERS**


By

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**Project Paper Submitted in Partial Fulfillment of the Requirement For the Degree of
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APPROVAL PAGE

I certify that I have supervised and read this Project Paper and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a Project Paper for the degree of Master of Management.



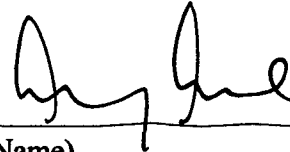
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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references and a bibliography is appended.

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DEDICATION

To my beloved
parents,

ABSTRACT.

The purpose of this paper is to explore customer's views on fast food restaurants advertising- print production, commercial advertising and internet advertising. There are two factors which also can impact on fast food restaurants advertising- likeability and entertainments. Data were collected by using a survey method in Klang Valley areas, Malaysia. 300 questionnaires were distributed and recorded with a response rate of 85 per cent. In the findings, customers are more attracted to advertisements of fast food restaurants such as print production, commercial advertising, and internet advertising of fast foods, likeability and entertainment. These factors have significant linked to the effectiveness of advertising. The findings suggested some significant of implications which will help advertisers to create better fast food restaurant advertisements. For example, managers can change slogans based on current situations which will help them to prepare on create suitable advertising for customer. In addition, manager also can use to create specific message to update information or change format in promotional campaign.

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CHAPTER 1

1 INTRODUCTION

Advertising plays a vital role in any industry. Among the advantages of advertisings are increase in sales, increase in the number of buyers, increase customers loyalty, branding loyalty, covering cost production, etc. Advertising is powerful because it can influence the customers' perspectives, be it positive or negative. This research will focus more on advertising techniques that are utilized by fast food restaurants such as internet advertisings, commercial advertisings, and print media advertisings. It will analyze the type/technique that is more effective to certain groups of customers.

There are two types of characteristics of effective advertisings which are entertainment and likeability. Entertainment can raise the volume of customers' loyalty. For example, puzzles, quizzes, tests, etc, which can create adventures for customers and at the same time attract customers to advertisements. It has been stated in articles that consumer are controlled by being provided entertainment or information in advertising (Krapp, 2008).

Besides that, Likeability shows whether or not the customers are attracted to the advertisement. Advertisers always create the greatest likeability in advertisements to increase sales volumes. If customers show more likeability in certain advertisements, it means that those advertisements are effective. It becomes robust when Smit *et al.* (2006) as quoted by Biel (1990:78) stated that "*the consumer may be willing to pay attention to a commercial that is well liked and may be willing to watch it again*".

A fast food restaurant can be described as a quick service restaurant, "*Fast foods are convenience foods that can be prepared and served very quickly*" (answer.com, 2009).

Famous fast food restaurants include Mc Donald's, Pizza Hut, Subway, Kentucky Fried Chicken and many others. Some people like to choose fast food restaurants because; they do not have much time to prepare food, price is reasonable, its advertising (promotion, coupons etc) and other factors.

Effective advertising can be created based on "*shared culture*" (Marieke and Marieke, 2005). For example, Muslim cannot eat '*Haram*' or prohibited food especially pork meat because of their religion. Fast food restaurants can share this value to generate good advertisements and products to fulfill customer's needs and wants. If advertisers are alert with this situation or share cultural value, they can become good advertisers because they are able to create factors to influence customers in their advertising.

The more fast food restaurants are willing to spend the cost of local advertising, because they know how to attract local customers to purchase their products rather than internationals. If fast food restaurants want to attract international customers, they need to analyze demographics, situational influences on those areas, etc. It takes more time and cost to analyze new customers rather than existing customers because different customers have different needs and wants (Li, *et al.* 2002).

Advertisers are aware when they want to develop advertisements especially to attract international customers or new customers because there are different perspectives in viewing advertisements. From here, customers can create their own perceptions about fast food restaurants in positive or negative way which depends on messages that have been created. For example, children aged 2 to 18 years old spend an average of 5.5 hours using media such as television, print, computer games and the internet. It can be concluded that children spend more time watching television than do others. These situations bring good ideas to fast food restaurants in advertising their commercials to influence children (Dotson and Hyatt, 2005). Fast food restaurants always advertise in much creative way to attract their customers. In Mc Donalds.com (2009), they advertised advertisements by giving student offers, pound saver menus, kid's fun games, which can attract kids to purchase their products, etc.

Fjellstrom and Petterson (2007) concluded that the target markets for fast food restaurants are students and young children. Fast food restaurant makes efficient ways of feeding a hungry child outside the home. Other than that, fast food restaurants use techniques in advertising to influence their customers. Techniques can be seen in advertising such as in print media (magazines, newspapers, outdoors and transits, point-of-purchase), television commercials, radio commercials, trademarks and packaging, and campaigns.

1.1 BACKGROUND OF THE STUDY

Many fast food restaurants were established in Malaysia such as McDonald's, A&W, KFC, Ninteen O One Sdn Bhd, MarryBrown and more. For example, Nando's has since spread its wings creating more Nando's addicted it opened restaurants throughout the Klang Valley, Penang and Melaka. In addition, McCurry is Malaysian fast food restaurant served typical Malaysian and South Indian cuisines like of: *Biryani rice*, Fish Head Curry, *Tandoori Naan*, a wide variety of Mutton and Chicken and more.

It is difficult for fast food restaurants to maintain their profits because fast food restaurants in Malaysia have their own core competencies to survive in business rivalry. Some core competencies are developing advertising with a good message to send to customers. Every fast food restaurant industry has different strategies to influence customers by using several medium in advertising such as newspapers, television, radio, magazines, internet and many more. Nowadays, many fast food restaurants are expanding in countries such as Malaysia, United Kingdom, India, China, United States, etc. Fast food restaurants are popular because of its price, quick service and promotion that can influence customers' perceptions.

Fast food restaurants that still exist are Kentucky Fried Chicken (KFC), MC Donald's (McD), Subway, Pizza Hut, Get Stuff's and more. Advertising has core competencies to become more effective because effective marketing communications have become an essential part of a firm's success in introducing and promoting products and services.

Effective advertising depends on criteria that have been used by advertisers such as entertainments and likeability advertisings (Zhang *et al.* 2002).

In addition to that, (tutor2u.net, 2009) websites stated that “*the advertising message must be carefully targeted to impact the target customer audience*”. Advertising messages can become efficient if they follow several characteristics such as meaningfulness, distinctiveness and credibility.

These characteristics can guarantee advertisers to capture customers to become loyal to their products. Influence can be a power affecting a person, thing or course of events, especially one that operates without any direct or apparent effort. In business perspectives, the power to affect a person in advertising is how to generate good ideas that are suitable to attract customers. Advertisers know what kinds of factors are suitable to apply in their advertisements. There are many factors that help fast food restaurants in their advertising strategies such as television, magazines, promotion, etc. Likeability and entertainments are used in advertisements to create more effectiveness in advertisings (answer.com, 2009).

Finally, A websites define feedback as “*the return of a portion of the output of a process or system to the input, especially when used to maintain performance or to control a system or process*” (answer.com, 2009). Fast food restaurants can analyze feedback from customers about their advertisement whether it is good or not. Feedback from customers will help advertisers to apply tools that can be factors to influence them to become loyal customers. Fast food restaurants should know whether their message is received by

customers in efficient ways. In overall, advertiser fast food restaurants in Malaysia can develop strong strategies if they concerns in geography situations, effective marketing communications, advertising message, creative ideas, and analyze feedback.

1.2 PROBLEM STATEMENT

There are some factors which gives advertising become more effectives likes print media, commercial advertising, internet advertising, likeability and entertainment in advertising. Advertising about fast food restaurants in Malaysia have significant relationship between those factors either positive or negative. All these matters will be respond by 300 respondents who living in Klang Valley areas, Malaysia.

This research will also explore advertising techniques that are utilized by fast food restaurants to Malaysian customers. There are three factors are related to the type of advertising being utilized- Print media, commercial advertising and internet advertising. Each has their own influential factors but in contrasting ways and this research will try to expose the techniques that certain customers prefer. There are two types of characteristics of effective advertising which can have a great impact on fast food restaurant advertisements- Entertainment and likeability. Entertainment and likeability can influence customers' perception about advertisements whether customers enjoy and like fast food restaurant advertisings or the inverse.

Print media has been used for a long time to communicate with people; this includes newspapers, magazines, coupons, brochures and leaflets. Print media has been established a long time ago and they determine the material charges in the media.

It also gives strong opportunities to attract people. Print media advertising is available in locations such as shopping complexes, restaurants, stores and more. Furthermore, Television advertising also works well and is affective in fast food advertising as commercials. In addition, Fast food restaurants in Malaysia still were using advertisements in print media likes of brochure, newspaper, magazines and more. Advertiser fast food restaurants alerts with Malaysian customers current situation where some customer still using traditional advertisements.

Next, Commercial advertising has many elements which can attract people especially children. Television and radio are effective in terms of movement of graphics and sound. It is easier to target those who like watching Television or listening to the Radio, especially young children. Television advertising repeats the commercials of fast food and increases children's desires to choose those foods and also bring their families. In Malaysia, fast food restaurants also provided commercial advertisements especially for lunch new products or seasoning. Advertisers relate also kids situations in their commercial advertisements because they knew children are huge number watching television than others.

In this century, devices for information always change with emphasis on creativity to attract people, such as internet advertising. Internet advertising is technological information which is used as a tool to communicate with people, especially those who are categorized as the intellectuals. This creates opportunities for grabbing these people to become loyal customers. Advertising can affect even big competitors in the fast food

industries such as Mc Donald's, KFC, Pizza Hut, Nando's and others. Advertising can create barriers of entry to the firms wishing to enter the market and can also be the ability or '*weapon*' to compete with, between competitors and to achieve the company's objectives. In Mc Donald's website, there are many features had been provided such as Malaysian stories/Malaysian opportunities, Interested to be a franchisee? WIFI at McDonald's, happy family and more. All these features gave more attractions to Malaysian customers not only receives information but also others.

Moreover, Entertainment advertising can attract customers to purchase products or services by viewing their advertisements. Entertainment advertising can be used in advertisements to give satisfaction and enjoyment to customers. Advertisers believe that consumers can be controlled by providing them entertainment or information in advertising. For example, KFC was provided entertainment on website likes TVC, Join Football action, Chicky e-club, Chicky e-games and etc. In conclusion, entertainment advertising can gave information about fast food restaurants products but also can entertain them.

Finally, Likeability can affect the mentality of customers depending on whether or not they like or dislike the advertisements. Advertisers understand the reason that likeability relates with sales. If customers are influenced by advertisements, it shifts their behavior purchases. Those advertisements are effective to customers and help to increase sales. Likeability can also help to determine what viewers feel or think after seeing certain

advertisements. This can be highlight by viewing revenue KFC restaurants in Malaysia from 2008 to 2009 whereby it is increasing from RM 2180 to RM 2297. In conclusion, customer still has strong likeability about KFC products.

This research focuses on Malaysian citizens' perspectives on the effectiveness of fast food advertising. It is more specific since it concentrated on the survey that is launched in the Klang Valley. Among the places is shopping complexes, where people usually purchase products or services during their leisure time especially during the weekends.

1.3 SIGNIFICANCE OF THE STUDY

There are two areas of advertising to be highlighted which are advertising's influences on customer purchases of fast food products and the type of advertising that has a stronger influence as compared to others – Print media, commercial advertising or internet advertising. Besides that, this research already clarified the main roles of advertising in customers' purchases and how customers make their decisions on which restaurant company to choose from. Entertainment and likeability make customers repeat viewing advertisements and impact on purchase behavior.

In another light, this research will explore the customers' experience with regards to advertising influences. The research gave a detailed study about the influences of fast food restaurants' advertising. It will explore customer experiences and knowledge of how people in the Klang Valley can be influenced by many types of advertising. Some restaurants use many tactics in advertising to attract customers. Many of such fast food

restaurants utilize the three types of advertising - Print media, commercial advertising and internet advertising. Entertainment and likeability explored based on customer experiences.

The benefits of these studies help managers to implementing advertising plan in effectives. Managers can use these studies as path to create advertising plan by viewing what target markets to reach, what to reach, what features and how to influence customers and more. In research results, managers can also analyze which instruments are suitable with advertisements and Malaysian customers- Print media, commercial advertising, internet advertising, likeability and entertainment advertising.

Students or marketing researchers can also receive these studies benefits by viewing results. This study is to know whether some of the instrument can create effective advertising-Print media, commercial advertising, internet advertising, likeability and entertainment in advertising. The effectiveness of advertising will be tested by collecting responds in Klang Valley areas, Malaysia about fast food restaurants industries. Students and marketing researchers can make this research in deeper by knowing why customers still using these instruments in these globalization country.

1.4 OBJECTIVE OF THE STUDY

The overall objective of the study is aimed at factors influencing advertisements of fast food restaurants' which focused on Malaysia customers'. The Specific objectives are as follow:

- To reveal the factors which are significant for fast food restaurants' advertising.
- To explore customers' evaluation of those factors in selecting fast food restaurants.
- To offer recommendations in advertisements for the fast food restaurants.

CHAPTER 2

2 LITERATURE REVIEW

The literature reviews have been conducted by using ideas of philosophies, authors or scholars to make the chosen topic more relevant. Many advertisers using print media published their advertisements to attract customers through magazines, newspapers, point-of-purchases and more. Technology changes constantly thus the advertiser may use this to become as advantage by forecasting commercial advertising on television and radio to attract people. Also, internet advertising is a powerful tool of technology whereby many advertisers attract consumers. Entertainment and likeability are also effective in advertising which influences the mentality of customers (Frandsen, 2009).

Table 2.0: Advertising, types and characteristics ads

Items	Contents
Advertising	Definition, Importance and Effectiveness.
Types	Print Media, Commercial Ads and Internet Ads.
Characteristics of effectiveness ads.	Likeability and Entertainment

Source: Patti and Moriarty (1990).

2.1 ADVERTISING DEFINED.

In contemporary society, advertising is everywhere like in the street, shop, television, mails, internet, and newspaper or train. Advertising has always been with us and it can be an indicative of people, social and ideological personality. Advertising can improve the world and also has effects to economics scales by increasing purchasing power (Cook and Cook, 2001).

Advertising can be defined as an activity of attracting public attention to a product or business, as by paid announcement in print, broadcast or electronic media. For example, some fast food restaurants are willing to invest a significant amount of money to produce quality advertising to attract customers. On the other hand, advertising is the business of designing and writing advertisements .This means that advertising is a device to give information by using creativity and message (answer.com, 2009).

For instance, fast food restaurants use commercial advertising because they know children rank higher than adults in watching television. Advertising has been defined as a common practice of firms selling products and services in societies through the amusement and entertainment of advertisements. The effect is rewarding to advertisers because their creativity and special effects receive profits. For example, if companies offer special discounts and advertise it, more customers are aware, and thus profits will soar (Reid and Bojanic, 2009).

Advertising can be described as a tool to give signals when the products are introduced once they are established. Advertising can be manipulated not only to launch products in society or to increase sales but also to promote new products to customers. Advertising may be a cheaper way for the firm to achieve information about customer experiences. Firms know that customer experiences are private information (Hortsmann and Mac Donald, 2002).

On the other hand, advertising does not only provide information for customers but can also give a direction implication on the market structure, evolution and performance of products or services, image brands and more. For example, if customer influences advertisements in certain products, it will increase sales and also affect the market structure, image brands, performances and etc (Ackerberg, 2003).

In other words, advertising is a communication of the brand where it is central to the creation and maintenance of the wider meaning for brand products like Marlboro, Mercedes-Benz, Mc Donald's, Kentucky Fried Chicken and more. Greatest advertisements can create good imagination and meaning in customers mind about products. Advertising can bring two effective results towards products and companies – whether positive and negative (Hackley, 2005).

Moreover, advertising can also assume a '*creative revolution*' of renewed focus on the construction image. For example, Coca Cola launched a new product '*Diet coke*' where it is part of a creative revolution in the construction of the Coca Cola image. This happens because the fast food restaurants realize that many customers are cautious of their health. Fast food restaurants can give an impact on the market structure and also increase or maintain their profitability (Arvidsson, 2006).

As for information, advertising can also spread information in two ways either through non personal or personal communication. Taflinger (1996) as quoted in Boove, (1992:7) said that "*advertising is the non personal communication of information usually paid for usually persuasive in nature about products, services or ideas by identified sponsors through the various media*". It means non personal communication is the best tool to promote products or services where it is can reduce time, budget and easier to receive information.

2.2 IMPORTANCE OF ADVERTISING.

Table 2.1 shows the rate of expenditure by fast food restaurants in New Zealand. The table shows that advertising is very important to promote products because companies are willing to spend large amounts of money to attract people. The highest expenditure can be seen in 2001 and 2002 which is spent by Mc Donald's fast food restaurant (Eagle *et al.* 2004).