An Impact of Advertising and Pricing on Consumers Online Ticket Purchasing

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Abstract—This study examines the impact of advertising and the relationship between the advertising and pricing. It also determines the level of consumers online purchasing of AirAsia e-ticketing among students of Asia Pacific University (APU) in Malaysia. The factors which are mainly investigated are the advertisements, pricing strategies and e-purchase of AirAsia tickets. Many of us believe that advertisements are deceptive whether it is in online or offline form. However, in fact, it still influences the consumers to purchase. This research provides the in-depth understanding of how AirAsia applies factors such as "Advertising and elements in advertising like splendid pricing strategies" to impact the purchase decisions. A quantitative approach of using questionnaire was chosen for data collection.

Index Terms—Advertising, pricing, AirAsia, animated ads and poster.

I. INTRODUCTION

Online consumers' behavior is often assumed to have its own properties and to be fundamentally different from a behavior observed in the physical world. Gradually online purchasing trend started to emerge and consumers find it very convenient and easy to shop online.

In 1994 Air-Asia was established and began its operations on 18-Nov-1996. Company experienced (MYR 40 Million) worth of debts in 2001 but now it's recent survey shows that the Airlines generates (1.65 billion) of profit in 2012, Air-Asia offers low price ticket deals online which attract thousands of travelers in minutes as well as it is the world most low cost fares Airlines carrier. This is due to innovative pricing strategy and continuous online adverts.

Mainly, several factors such as "Advertising", "Consumer Attitude" and "Pricing" influences consumer's purchasing. Each factor played different role to persuade consumers purchasing Intention. Customer's trust on online shopping system was hard to attain but Advertisements on various mediums not only attains consumers trust but also aware public about the core benefits associated to online purchasing besides, influence them to go for online purchasing. To place an effect on consumers purchasing intention toward online buying, advertisers depict the benefits associated with online purchasing like Low Pricing, Ease of Use and wide range of Brands availability. However, this project seeks to explore the factors such as Advertising, and pricing which contributes in influencing consumer's

online purchasing specifically online ticket purchasing of Air-Asia Airlines.

II. PROJECT AIMS AND OBJECTIVES

A. Aim

The aim of the project is to create print and animated advertisement for Air Asia Airlines.

B. Objectives

- To examine the impact of advertising
- To examine the relationship between the advertising and pricing
- To determine the level of Consumers Online Purchasing of Air Asia e-ticketing among students of APU in Malaysia.

III. REVIEW OF LITERATURE

Purpose of this chapter is to review the relevant literature in order to identify gaps, therefore enabling the researcher to build a conceptual model for testing and identifying the factors influencing consumer online ticket purchasing of AirAsia Airlines.

A. Advertising

According to Stanton, "Advertising consists of all the activities involved in presenting to an audience a non-personal, sponsor-identified, paid-for message about a product or organization [1]." Additionally, of all marketing weapons, advertising has leading impact on viewers mind, as its exposure is much more. Advertising is one of the key elements in building a brand, creating awareness, providing info, increase sales, to inform the intermediaries and expand the markets.

B. Advertising and AirAsia

Air-Asia has multi announcement or advertisement platforms with high visibility. It is ranging from online, on-ground, as well as on-board to inflight magazine advertisements. Air-Asia usually come up with a unique and effective ways to reach a broad spectrum of consumers. Online Advertising is one of the major approach that Air-Asia agree to. According to Air Asia of 2013, Mostly, Air Asia ads is to create an image of safe and cheap airlines. Air Asia has to emphasize on cheap price and safety in its advertising because these days what public find is mostly cheap but unsafe flight. Air-Asia went into intensive general advertisements and other high profile activities, which contributed, to the high offering of their firm's image. They

came with a brand " Now Every One can fly" These points of contact with their target customer help them to mold their image, which in turn created loyalty from their customers [2].

Furthermore, Advertising plays a significant role in building a brand and when Air Asia came up with a brand "Now Every One Can Fly" then innovative advertising boosted Air Asia Airlines and created its strong image of the World's Best Low Cost Carrier." Building strong brands is one of the most essential goals of product and brand management as strong brands will result in the realization of higher long-term and short-term returns for organizations [3]. According to Branding is now a crucial component in the airline industry, just like any product [4].

Air-Asia is one of the largest low cost airlines in the Asian region. There is Variety of media options that AIRASIA use as their advertising options such as inflight magazine, regional websites, Meal tray backs and Overhead lockers, overall all Air Asia adverts try to turn their consumers mind towards E-ticket purchasing of Air Asia. According to probably the most important effects of advertising to the airlines are its long-run influence on inter-industry market shares. Continued advertising has a cumulative response. It produces an increased awareness of air transportation through constant exposure, and may create an identification of a particular carrier or carriers with a route, market, or region [5]. LIM and MOHAMED in his previous studies found that Advertising in the print media and Internet is also widely used by Air Asia especially during its sales campaigns on free or low cost seats and internet is an excellent medium for inducing consumer to purchase [6]. Furthermore, Air Asia's advertisements and promotional activities that Air Asia is working to position itself as the leader of low budget airlines by lowest price of tickets and even giving free tickets to customer [7]. The airline is succeeding because of its aggressive marketing, creative branding, and aggressive advertising (Wanvari, 2013) CEO of Air Asia in South India.

Hypothesis: Advertising had an impact on AirAsia Airlines customers mind.

C. Advertising and Pricing

Karray and Herran in his study stated that we study the relationship between pricing and advertising decisions in a distribution channel where national brands are competing with a private label. We solve a three-stage game-theoretic model where the national brands compete on advertising and prices, and the retailer is investing in umbrella advertising for the store and is selling a private label. Additionally, the obtained equilibrium strategies highlight the significance of determining the complementary or competitive roles of advertising to better understand the relationship between advertising and prices, and to better adjust strategies to varying rivalry levels in the marketplace. Specifically, we find that advertising that develops the national brands' sales gives pricing power to manufacturers. However, persuasive advertising can create different effects on prices depending on the strength of the advertising effect and on the price competition level between the national and the store brands [8]. Furthermore, According to the report of we find that advertising stores substantially cut only prices

of the products or services that they advertise. Prices of other products and services, at both advertising and non-advertising stores, do not change. Besides, we find no reductions in price dispersion across stores [9].

Furthermore, Taylor in his previous studies found that Advertisement is indispensable for both the sellers and the buyers. However, it is more important for the sellers. In the modern age of large scale production, producers cannot think of pushing sale of their products without advertising them. In addition, advertisements are among the most visible of the marketing strategy and have been the subject of a great deal of attention in the last ten to fifteen years [10]. Advertisement cannot only change emotions but give subliminal message [11]. On the other hand, stated that the relationship between advertising and price is important because the welfare effect of advertising depends upon the price effect of advertising [12].

Hypothesis: Advertising and pricing both are different in terms of effects, consequences and influence, depending on different situations. However, the relationship between advertising and pricing is significant because advertising supports pricing awareness in market and strategic price placement makes ads more appealing to consumers.

D. Pricing

The term "price" in general its meaning is "value". In modern economies we often catch the term known as currency. Previous studies such like stated that adjusting the prices is called pricing strategy. A pricing strategy has a goal to establish an optimum price with current profit maximization, maximization of the number of units sold, etc. Additionally Price is a major parameter that affects industry revenue significantly [13].

E. Pricing and AirAsia

Nowadays, when everyone wants to take plane to travel to other place, their first choice is almost will be Air Asia. The Motto of Air Asia, "Now Everyone Can Fly" is remembered by everyone and it gives everyone a mindset that Air Asia Airlines is a very low cost airline and it becomes a good choice for everyone. Air Asia flies to over 61 domestic and international destinations with 108 routes as well as it operates over 400 flights every day from hubs situated in Thailand, Indonesia and Malaysia with a fleet of 72 aircrafts.

Previous studies such as like stated that Malaysian was been first introduced to E-ticketing by Malaysia budget airline Air Asia which fully implement E-ticketing travel system for 10 domestic flights. Since year 2007 Air-Asia has been actively expand their route portfolio to international flight. The use of E-ticketing has bring benefits to many areas, firstly environmental friendly by reducing the use of paper, secondly the cost saving from printing paper ticket can in turn to reducing the air travelling cost, and thirdly the airlines company can wisely use the records of E-tickets in enhancing the customer loyalty program [14]. Additionally, Grant R. stated that Air Asia engages in direct sales through its web site and call center. As a result, it avoids paying commissions to travel agents [15]. According to research 83.5% of the respondents have used the e-ticketing to buy airline tickets and 60% of this group visited

Air Asia website. The Malaysia Airlines Bhd. has followed Air Asia by 22.6%. Probably the difference in these two amounts has been resulted from the low cost benefits of the Air Asia [16]. Moreover, According to Air Asia penetrated the airlines industry by gaining the competitors' customers, improving the product quality and its level of service, attracting non-users of the products or convincing current customers to use more of the company's products through its RM0.99 promotions [17].

Hypothesis: Various types of consistent promotional advertisements, pricing and online easy accessible is the major factor for purchasing of Online Air Tickets of AirAsia.

IV. METHODOLOGY

This is a Quantitative study, In terms of Objectives. This is an explanatory study. Looking into the sampling methodology, the population in this study is Malaysian studying youngsters. The sample in this study refers to those studying youngsters in Kuala Lumpur district studying in APU University Malaysia. In terms of sampling methodology, this study had used convenient sampling methodology.

Since, the total older APU students was approximately 8000 APU based on student service 2010 .which considered as a large sample group. The results form Raosoft Sample Size Calculator suggested that (68) is the minimum sample size of the survey (marginal error =10 %; confident level=90 %)

A convenience sampling method was conducted among 49 APU students outside the university main library. This sampling method was chosen due to the unavailability of the list students visiting the library and thus, it is impossible to get the absolute number of the patrons. Besides, researchers can meet different students from different faculty at the library. This is to avoid bias for surveying all the respondents from particular faculty.

V. FINDINGS

A. Analysis for (Part A)

- From total respondent 17 associate Red Color with Coca-Cola and 16 named AirAsia. It means AirAsia is on 2nd position compare to other famous brands such as Emirates Airlines. AirAsia is well-known and easily recognized among people due to its color.
- From Total respondents 33% responded the "Website/Internet" and 23% responded from "Friends". It means the Website/Internet and Friends or word of much are the main source of information about Air Asia.
- Adverts on Internet and TV mainly assist Air Asia to reach their target group.
- Air Asia Slogan "Now Everyone can fly" has a strong impact in Air Asia ads.
- The most appealing AirAsia advertisement is the one which gives an emphasis on price point (Rational ads).
- Results divulge that AirAsia advertisement influence 43% of the respondents only up to the "Desire to purchase" and 31% influenced to "Explore". Moreover, 20% of advertisements "just leave positive impression" on respondents. So, overall AirAsia advertising can be considered effective.
- AirAsia "Internet/Social Media" advertising is more effective approach which they can undertake to create an impact on their target audience.
- 39% of the respondents remember AirAsia advertisement only "Few Hours", 29% remember "One Week" and only 22% remember AirAsia advertisement up to "One Day". So, AirAsia advertisement must be improved which can remain for a long period in their travelers mind, this can result in sales of AirAsia tickets.
- Most of respondents 47% responded "YES" that they think or planned to travel via AirAsia in result of their ads, and other 33% responded Maybe and only 20% responded NO. Overall, it shows that AirAsia ads are good and have strong impact on consumers of AirAsia.

B. Analysis for (Part B)

- Majority of the respondents 61% are only "Agree" to the statement that advertising is persuasive and 27% are "Strongly Agree" to the same statement. This depict that if AirAsia emphasis on low price, promotions etc. in their adverts then in result it can easily persuade their target market via advertising.
- If AirAsia give more emphasis on online adverts, it may result in their best interest.
- AirAsia adverts can influence their consumers to purchase online.
- AirAsia pricing strategy works well in Airline Industry and its price discount strategy really attracts AirAsia travelers.
- Majority of the AirAsia respondents are satisfied and they feel they are getting a good buy.
- AirAsia consumers can go for another brand or Airlines if it will offer them more price discount.
- From the total respondents 31% are "Neither Agree or Disagree" that they will buy the same brand even they have a price discount on the other brand. Moreover, 47% are "Agree" with the above statement. This shows that 47% respondents would stick to the same brand even if they get price discount on the other brand and on the other hand 31% are confused in making decision whether to change the brand or no because of price discount.
- Price discount has a powerful tool that AirAsia is using to attract travelers. Consumers prefer price discounts more than their favorite brands.
- Price discount has a powerful impact on consumers and it can positively change the consumer intention.

So, AirAsia should give more importance to their pricing policies to attract more travelers.

- If AirAsia maintain its low fare or price discount strategy then there's a possibility that AirAsia sales will increase.
- Statistics divulge that 37% respondents are "Agree", 22% are "Strongly Agree" and 27% are "Neither Agree or Disagree" to the above statement. However, it shows that people particular brand *purchasing attitude* can be changed by offering price discount.
- Many people will buy the product that gives standard quality with high price.

C. Analysis for (Part C)

- If AirAsia advertise more on Internet or social media it will be beneficial for the company.
- People would recommend AirAsia Airlines to their friends and relatives because of its low/cheap tickets and promotional activities.
- 55% of the total respondent replied "Agree" to the statement that they feel positive towards the AirAsia advertisement and 12% are "Strongly Agree". Moreover, 29% respondents are "Neither Agree or Disagree" to the above statement. This means that mainstream of respondents feel positive.
- Promotions has an impact on Air Asia's consumers purchase decision and their satisfaction.
- Sales promotion is an effective way for AirAsia to sale tickets and it appeals to travelers to buy AirAsia tickets.
- Mainstream of respondents believe that Online Service Quality impacts their purchase decision in booking a ticket.
- Low fare can easily influence AirAsia consumers travel frequency.
- Results exposes that most of the people enjoy with the procedures and they don't find it complicated when they book Air Asia ticket online. This proves online booking and other services that AirAsia provides online are convenient for their target audience.
- Most of the respondents or AirAsia consumers would prefer to repurchase products and services from AirAsia.
- In fact, AirAsia e-ticketing tool is greatly succeeded.
- AirAsia consumers online ticket purchasing not only satisfies them but also meets their expectation and above that online ticket purchasing of AirAsia Airlines is convenient way for their consumers.
- Overall impact of three elements (advertising, pricing and online accessible) can be considered very well and in the best interest of Air Asia Airlines.

VI. SUMMARY OF THE CHAPTER

This study was design to investigate the relationship between the factors such as Advertising, Pricing and online accessible that attract the consumers to buy the online tickets of AirAsia Airlines. In this chapter objectives are measured by using instruments (Questionnaire) which consist of three parts (A, B, C). Questionnaire using five point Likert Strongly Agree/Strongly Disagree scale respectively. Moreover, in this chapter data collected from total 49 APU students and analyzed using histogram and bar charts, this chapter described the sample that was studied.

VII. CONCLUSION

This research provides the thorough understanding of how AirAsia applies factors such as "Advertising and elements in advertising like splendid Pricing strategies" to impact our purchase decisions. AirAsia Airlines typically choose internet as medium to advertise their services and latest offers/promotions, therefore, in chapter 5 and 6 different type of posters and animated ads were created to examine the effects of advertising on consumer purchasing behavior. Besides, in chapter 5, "10" posters were created and in chapter 6,"10" animated ads were produced to achieve the deliverables of the final year project.

In general, the findings showed that 61% of the respondents are believe that advertising on social media is persuasive and influence them to buy AirAsia tickets. Similarly, 57% respondents responded to pricing actually persuade them to made final purchase decision. At the end, results reveal that in total 55% consider that overall impact of advertising, pricing and online accessible that attracts the consumer to buy the ticket of Air Asia is quite strong and thriving.

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