

Air asia advertising types assignment

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COMPANY INTRODUCTION Air Asia Berhad was set up by Dato' Tony Fernandes in 2001. In December 2001, Dato' Tony Fernandes along with Dato' Pahamin Ab. Rajab (Chairman, AirAsia), Dato' Kamarudin bin Meranun (Deputy Group Chief Executive Officer, AirAsia) and Abdul Aziz bin Abu Bakar (Director, AirAsia) formed a partnership and set up Tune Air Sdn Bhd (Tune Air), an airline holding company then bought over AirAsia from government-owned conglomerate DRB-Hicom on December 2, 2001 which Air Asia was originally founded.

AirAsia has been expanding rapidly since 2001 where Dato' Tony Fernandes later proceeded to engineer a remarkable turnaround, turning a profit in 2002 and launching new routes from its hub in Kuala Lumpur International Airport at breakneck speed, undercutting former monopoly operator Malaysia Airlines with promotional fares as low as RM10 (US \$2. 50). Starting with only two planes till now AirAsia owns more than 72 aircrafts. AirAsia become an award winning and the largest low cost carrier in Asia with leading low fare airline in the Asia.

In 2003, AirAsia opened a second hub at Senai Airport in Johor Bahru near Singapore and launched its first international flights to Thailand. AirAsia has since started a Thai AirAsia subsidiary, added Singapore itself to the destination list, and started flights to Indonesia. Flights to Macau started in June 2004, while flights to mainland China (Xiamen) and the Philippines (Manila) were started in April 2005. Flights to Vietnam and Cambodia followed later in 2005. AirAsia flies to over 61 domestic and international destinations with 108 routes, and operates over 400 flights daily from hubs located in Malaysia, Thailand and Indonesia.

To date, AirAsia has flown over 55 million guests across the region and continues to spread its wings to create more extensive route network through its associate companies, Thai AirAsia and Indonesia AirAsia. AirAsia is also spreading the amazing experience to exciting destinations in Australia, China, India, Korea, Japan, Middle East and Europe in its commitment. AirAsia adopted a business concept of no-frills, hassle-free, low fare and keeping costs low. Through its philosophy of 'Now Everyone Can Fly', AirAsia parked a revolution in air travel with more and more people around the region choosing AirAsia as their preferred choice of transport. AirAsia operates with the world's lowest unit cost of US\$0.023/ASK and a passenger break-even load factor of 52%. It has hedged 100% of its fuel requirements for the next three years, achieves an aircraft turnaround time of 25 minutes, has a crew productivity level that is triple that of Malaysia Airlines and achieves an average aircraft utilisation rate of 13 hours a day. AirAsia is currently the main customer of the Airbus A320.

The company has placed an order of 175 units of the same plane to service its routes and at least 50 of these A320 will be operational by 2013. The first unit of the plane has arrived on 8 December, 2005. The company Vision, Mission, and Values are as follows: Vision To be the largest low cost airline in Asia and serving the 3 billion people who are currently underserved with poor connectivity and high fares. Mission To be the best company to work for whereby employees are treated as part of a big family Create a globally recognized ASEAN brand

To attain the lowest cost so that everyone can fly with AirAsia Maintain the highest quality product, embracing technology to reduce cost and enhance

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service levels Values AirAsia make the low fare model possible through the implementation of the following key strategies, Safety First: Partnering with the world's most renowned maintenance providers and complying with the with world airline operations. High Aircraft Utilisation: Implementing the regions fastest turnaround time at only 25 minutes, assuring lower costs and higher productivity.

Low Fare, No Frills: Providing guests with the choice of customizing services without compromising on quality and services. Streamline Operations: Making sure that processes are as simple as possible. Lean Distribution System: Offering a wide and innovative range of distribution channels to make booking and travelling easier. Point to Point Network: Applying the point-to-point network keeps operations simple and costs, low. ADVERTISING OBJECTIVES Advertising is the dominant form of nonpersonal promotion and is part of the marketing mix tools.

An important task of advertising is to make consumers aware of products and also provide buyers with product information and arouse their interest in and desire for products. There are many forms of advertising and many purposes for which advertising can be used and like other components of the marketing mix, the objectives and form of advertising depend on a product's stage. Accordingly, there are many ways in which advertising can be classified. Informative advertising, persuasive advertising, and product advertising are the three majors advertising objectives.

Like other components of the marketing mix, the objectives and form of advertising depend on a product's stage in its life cycle. The three primary

objectives of advertising are to inform, to persuade, and to remind buyers about a company and its products. Below are the relationship between advertising and the product life cycle. [pic] Informative Advertising Persuasive Advertising Product Advertising Informative Advertising is an advertising which primarily seeks to provide consumers with information about a product or service.

Meanwhile in Wikipedia, informative advertising is define as when advertising is carried out in an informative manner which the main idea is to give the advertisement the look of an official article to give it more credibility. Informative Advertising is view as one of a method of communication that informs people about a company's products or services and capabilities. It is also an especially important part of promotion goal for new products or services and companies in early stage of the product life cycle. The informative advertisements also tend to help generate a good reputation of companies.

Besides that, in some situation, a business might be required to run informative advertising as part of resolving law suit. We take for an example; Tobacco companies have been running advertisement with general message on impact of smoking to health and so does alcohol companies, such as Johnny Walker, with running advertisements on don't drink and drive. Governments' agencies also use this form of advertising for example the campaign explaining the risks involved in not using rear seat belt and promoting 3R's (Reduce, Recycle, Reuse) throughout the nation and it is also known as non-commercial advertising.

Generally, Informative Advertising does not try to manipulate the consumers or viewers in any way. It earnestly tries to be helpful, tries to build trust, and tries to steer the consumer to the products or companies. Persuasive Advertising is a method of advertising that intended to persuade rather than to inform or remind. It attempts to influence people to do something like buying a car, register for credit card and etc. The purpose of persuasive advertising is to shift the utility functions of the consumers, thus it will able to shift their demand curves in favour of the products or services being advertised.

Persuasive Advertising is common in oligopolies and whenever products are differentiated, as in monopolistic competition. Normally, persuasive advertising method is being used if there is competition in the market. When competitive products are introduced, advertising becomes more selective. As more emphasis is put on product differences, product advertising becomes less informative and becoming more persuasive. For example, many facial or skin care products that has similar opportunity in the market uses persuasive kind of advertisement to show their product is much better than any other competitors, like between Loreal and Ponds products.

Persuasive Advertising becomes an important promotional goal as a product or service enters its growth stage of product's life cycle in the market.

Generally, Persuasive Advertising objectives is to build the product's or service's strength, encourage product's or service's switching, changing consumer's perception and most importantly persuade consumer to buy.

Product advertising is often used to keep the product's or seller's name in

people's minds. The goal of Product Advertising is important during the maturity stage of a product's or service's life cycle.

When the product or service mature, companies used reminder product advertising to keep the name and major benefits in front of the public. The Coca-Cola Company and McDonald's, for example, put a great deal of emphasis on reminder product advertising. As in general, Product Advertising objective is to play as a reminder role in order to maintain awareness of consumers on the products or services. For AirAsia, I have identified that they are using the blend of information and persuasive kind of advertising objectives as their efforts to promote their products.

AirAsia still uses the informative advertising method to promote its latest promotion especially the promotion of their flights tickets not only on their existing routes but also the latest destination introduction promotion such as Kuala Lumpur ??? London promotion. The informative advertising for AirAsia is very vital for them to keep their customers well informed and this kind of method will effectively reach a wide spectrum of consumers in the market.

Besides using informative advertising method to promote their core products which is their airlines, it also to promote its secondary products of hotel which is known as Tune Hotels and even their partner hotels that is include together with their airlines promotion packages. Although AirAsia has been in the aviation market for a number of years, some of their product is still under the early stage of product's life cycle which is their routes to European countries and also their very own Tune Hotels.

As in domestically, AirAsia have to compete with Malaysia Airlines which bring them to use the persuasive advertising in building their products' strength. One example of their persuasive advertising method is through emphasising its corporate slogan of ' Now Everyone Can Fly' that can be seen at every inch of their advertisement campaign which focus on providing affordable air travel to everyone especially for first-timer flyers. The advertisement on their promotion of free seats and even discounts on their product through media (online, printed media, etc. and airspace advertising was also part of the persuasive advertisement in persuading consumer to buy it immediately. AirAsia persuasive advertisement has encouraged their customers to follow and adopt its flying time and hours regardless of weekdays or weekends. This result can also be seen on consumer trending nowadays where they are willing to fly at any time as long as they get a reasonable price of the seats to their desire destinations. ADVERTISING BUDGET METHODS The advertising budget of a business typically grows out of the marketing goals and objectives of the company.

Budgeting can play a large part as well, especially for new or small companies. As William Cohen stated in The Entrepreneur and Small Business Problem Solver, " In some cases your budget will be established before goals and objectives due to your limited resources. It will be a given, and you may have to modify your goals and objectives. If money is available, you can work the other way around and see how much money it will take to reach the goals and objectives you have established. " After advertising objectives have been established, advertising budget is developed. There is several allocation methods used in developing a budget.

The most common methods are affordable method, percentage of sales method, competitive-parity method, and objective and task method.

Affordable method is a method where business owners will base on their budgets on what they can afford when deciding the advertising method. With marketing objectives and financial resources, the business owner also needs to consider the nature of the market, the size and demographics of the target audience, and the position of the advertiser's product or service within it when putting together an affordable advertising budget method.

Business owners, not only for small business but also major companies, will also incorporate overall objectives and goals, competition, presence in the market, unit sales, sales trends, operating costs, and other factors when they decided to use the affordable method. Percentage of sales method is the most commonly used due to its simple budgeting procedure. Business owners will take the percentage which can be based on either the previous year's sales or the sales forecast for the current year and allocated that percentage of the overall budget to advertising.

This method is safer for a small business if the owners feel that future returns cannot be safely anticipated. Meanwhile for an established business, with well-established profit trends will tend to use anticipated sales when figuring advertising expenditures. This method can be especially effective if the business compares its sales with those of the competition when figuring its budget. However, there are limitation of this kind of method which is the promotional expenditures are a result of sales, rather than a major determinant of sales.

For example, it may be wise to increase promotion during an economic downturn when sales decline, but a percentage-of-sales budget would result in reduced promotional expenditures. Competitive-parity method is simply involves spending as much on promotion as major competitors do. This method is often useful for a business to compare its advertising spending with its competitors. Unfortunately, companies that use this approach fail to consider other factors related to their promotional objectives and also that they are not aware of how much its competitors are spending in advertising to advertise their products and services.

In order to remain competitive, companies either spends more, the same, or less on its own advertising. However, as Alexander Hiam and Charles D. Schewe suggested in *The Portable MBA in Marketing*, a business should not assume that its competitors have similar or even comparable objectives. Many business owners believe that they must do this to maintain their market share. For small business owners, for them, it is important to maintain an awareness of the competition's health and guiding philosophies, and therefore it is not advisable to follow a competitor's course.

Objective and task method has become the preferred method used by most large and also small companies for budgeting advertising expenditures. The benefit of this method is that it allows the business owners to relate its advertising expenditures with its overall marketing objectives. This correlation is important because the advertising spending will focused on primary business goals. This method begins with the formulation or establishing of specific, concrete, and measurable marketing objectives in line with the advertising objectives.

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Then the marketing activities, or tasks, required to achieve the objectives are determined. After these objectives have been established, the business owners determine how much it will cost to meet the overall objectives involved. Therefore, the advertising budget is the total amount of money needed to accomplish the required activities. The strength of this budgeting method is its close relationship to the company's advertising objectives. Some objectives, for instance, may only be reachable through advertising expenditures.

For AirAsia, the approach it used in advertising budget method is the objective and task method. AirAsia adopt this method because this method relates advertising expenditures directly to established objectives. AirAsia marketing objectives is promoting its brand and raise awareness of the airline. AirAsia logo and slogan ' Now Everyone Can Fly', underscores its objectives to be a people's airlines. AirAsia allocates up to 3% of its revenue for its marketing campaign and activities every year (source: AirAsia's prospectus).

Therefore, this method is considered as investments for AirAsia and it will utilize the advertising budget effectively. It will pave the way for strong brand awareness in markets that they currently serve and markets that they plan to serve. This method also contribute of strong brand commands superior product differentiation, encourages repeat customers and customer loyalty, which is important for raising profitability to match that is budgeted and targeted, for example, through worldwide advert to world view.

ADVERTISING STRATEGY DEVELOPMENT

An advertising strategy is a campaign developed to communicate ideas about products and services to potential consumers in the hopes of convincing them to buy those products and services. This strategy, also known as advertising campaign, is to achieve the business objectives and goals. One of the major goals of advertising must be to generate awareness of the business and its products. Once the business' reputation is established and its products are positioned within the market, the amount of resources used for advertising will decrease as the consumer develops a kind of loyalty to the product.

Ideally, this will establish an ever-growing consumer base and it will eventually aid the company in its efforts to carry their advertising message out into the market, both through its purchasing actions and its testimonials on behalf of the product or service. The advertising strategy development campaign is a carefully planned, coordinated sequence of advertisements designed to present a basic message. Each single advertisement presents information that is consistent with the campaign's theme. In choosing a theme, it has to create specific advertising messages strategy, message implementation and media selection.

In AirAsia, the message strategy is guided by the combination of the marketing objectives, art work and layout, and values. AirAsia really understand its consumer motivation and buying behaviour in determining appropriate appeals of the advertisement message strategy. AirAsia advertisement message strategy is aim to communicate information about its products and services that is available. AirAsia has move away from

traditional advertising avenue and come up with a unique and effective way to reach a wide spectrum of consumers.

AirAsia message strategy sparks through effective art work and layout. The clearly written, white in colour, of “ AirAsia” with red coloured background effectively allow consumers (readers) to get a sense of the advertisement’s central theme and capture the reader’s attention quickly without having to read much. The use of short paragraphs, lists, and catchy illustrations and graphics to break up and supplement the text make the message both visually inviting and easy to understand. (airasia logo)

AirAsia kind of advertising messages do not focus the need to be read to be effective, but it is also easy to understand. AirAsia message strategy is mixing in a way that allows the message to envelope the target consumer, providing ample opportunity for this consumer to become acquainted with the advertising message. Furthermore, the message strategy itself has the ability to adapt to new market trends which is emphasize more on online through internet. Through its own website, [www. airasia. com](http://www.airasia.com), AirAsia able to create effective message strategy to its customer that have the internet access.

AirAsia utilize its slogan ‘ Now Everyone Can Fly’ together with its value of ‘ Low Fares, No Frills’ as the centrepiece of its efforts, emphasizing major attributes of the business’s products and services in the process. The slogan clearly underlines AirAsia message implementation in pursuit of memorable advertising. The statement explains how AirAsia’s products and services are

differentiated from those of key competitors. With such statement, AirAsia turns intellectual objectives into concrete plans.

In addition, this statement acts as the foundation for the development of a selling process, which is composed of the elements that will make up the advertising messages as a platform of its selling activities. AirAsia message implementation stirs to promote a concept, idea, image, and philosophy of its company. It is directed to people who are not necessarily potential customers but to anyone who may have an impact on the advertising, such as legislators, business owners, or the general public. AirAsia advertising strategy in message implementing is simply to increase brand awareness. (airasia advert at online) Advertising media provide the channel or means for communicating the advertising message. AirAsia's aim to utilize its selected media to reach as large number of potential customers as it could at the lowest cost per person. AirAsia major types of media are through airspace advertising, online advertising, on ground advertising, and on onboard advertising. AirAsia airspace advertising has move away from traditional advertising avenues and to maximise the amount budgeted on its advertising. Utilising the growing reach of Asia's No. Low Fare Airline, its airspace advertising allows them to communicate directly with its broad spectrum of passengers, giving them a channel to get their message across effectively. This new and innovative means of advertising that allows access of AirAsia's ever growing number of passengers, create the ideal environment to ensure the effectiveness of its campaigns with a captive audience in an uncluttered market. Whether on the ground or in the sky, no

other medium helps you convey your message with such wide coverage at so little expense. [pic] [pic]

The Internet is similar to a magazine or television which is an advertising medium. AirAsia used its Website ' www. airasia. com' to combine words, pictures, sound, and video to reach domestic and global buyers. Through its online advertising at its own website, a very particular advantage of it is that the advertising medium could reach wide spectrum of consumer regardless domestically or globally. Media selection for on ground advertising by AirAsia consists of advertising through newspaper, television commercials, and also through its very sales office as it channel partners and even its own aircraft steps.

AirAsia also use onboard advertising through its in flight magazine on sharing its promotion availability and through on board announcement on its latest products. [pic] [pic] [pic] One very good example for AirAsia selectively determining the advertising medium through media is in the 2007 Malaysian Formula 1 Grand Prix, whereby they unveiled the AT Williams aircraft. The AirAsia brand was telecast all over the world and appeared on the front covers of numerous magazines, proof of the newsworthiness of the its brand world's fastest growing airline and outscored all other carriers when it came to positive coverage.

AirAsia took the opportunity to promote its brand worldwide through media by sponsoring few high profile sports such as Manchester United and Barclays (English) Premium League referees apart of the AT & T William Formula 1 team. Since AirAsia has successfully implemented the low-cost

carrier model in Southeast Asia, it receives regular media coverage from regional media outlets. AirAsia utilizes such opportunities to promote and increase its brand awareness without incurring additional sales and marketing expenses. EFFECTIVENESS OF AIRASIA ADVERTISING

The effectiveness of AirAsia advertising implementation can be seen from the revenue from sales and the volume of passenger on yearly basis since December 2001, the day it start to operate. Revenue from sales increased by 122. 9% from RM87. 9 million for the last 15 months ended June 30, 2002 to RM195. 9 million for the year ended June 30, 2003 and continued to increase 77. 7% to RM348 million for year ended June 30, 2004 and respectively. AirAsia low costs, low fares, strong brand and marketing strategies with effective advertising have enabled it to significantly expand its operations.

AirAsia's passenger volumes grew by approximately 91. 7% from approximately 1. 5 million guests from the year ended June 30, 2003 to approximately 2. 8 million guests from the year ended June 30, 2004. These show AirAsia advertising methods are effective. The effectiveness of AirAsia advertising can be examined through its focus of advertising on branding. AirAsia believes that it has established a dynamic and popular brand. The brand is positioned to project the image of a safe, reliable, low-cost airline that places a high emphasis on customer service while providing and enjoyable flying experience.

Through the branding advertising, AirAsia brand is well-recognized, particular in Malaysia, Thailand and Singapore and was awarded SuperBrand status in Malaysia by SuperBrands International. AirAsia's brand name, image, values

and low fares, no frills concept is marketed uniformly in all the markets where Air Asia operates. AirAsia's image has been enhanced by co-branding and partnerships with leading companies such as DBS Bank Limited as well as Malaysian celebrities.

In addition of the effectiveness of its advertising campaign, AirAsia often receives coverage by local and international media, including the Financial Times, New York Times, the Wall Street Journal, the Economist and Fortune. The advertising investments have paved the way for strong brand awareness in markets AirAsia currently serve and plan to serve. A strong brand commands superior product differentiation, encourages repeat customers and customer loyalty, and is important for raising profitability for the company.

Another effectiveness of AirAsia advertising is through its website and focus on the e-commerce. AirAsia indirectly are advertising their products and services to its potential customer through the website. With AirAsia Lean Distribution System, it has offers a wide and innovative range of distribution channels to make booking and travelling easier for its guests. Although AirAsia advertising are said to be effective, but there are area that could be criticised. AirAsia advertisements sometime are tends to be information overloaded.

For example AirAsia website, which they used it as part of their advertising tools, seem to be over-crowded with too many micro-banners. It could distract the focus of the potential customer when they planned to do bookings on-line. Another area that could be criticised is AirAsia persuasive

style of advertising, with the current standing of AirAsia in Asia aviation industry, it can swift the advertising more towards product advertising method because, it can still develop a highly effective advertising

campaign. . REFERENCES 1. Mohamad, Z. , Pujawati, N. Othman, A. R. , Sanuri, S. , Hasmini, N. & wei L. S. (2007) BBPM2203 Marketing Management II Module, Open University Malaysia: Prentice Hall. 2. Air Asia Berhad Prospectus 2004. 3. Air Asia Annual Report 2007. 4. Johnson, E. M. (2002) Fundamentals of Marketing (4th Edition), American Management Association. 5. Bly, Robert W. (1993) Advertising Manager's Handbook. Englewood Cliffs, NJ: Prentice Hall. 6. Advertising [Online] Available: <http://www.wikipedia.com> [2009, February 10]. 7. Air Asia. com [Online] Available: <http://www.airasia.com> [2009, February 10].