

CHAPTER 1

INTRODUCTION

1.1 Background

If you are having your own business, advertising is one of the most effective ways for you to market your business effectively. It is one way of informing the public about the kind of business that you are having. However, before you are going to think that you need to advertise something, you must put effort first on thinking the best tool that you are going to use for your advertisement. Probably, there are many ways that you can choose from, among these things are through classifieds, television ads, and even through the use of billboards.

We know the fact that among these mentioned techniques of promotions; billboard was among the commonly used advertising tools by most of the advertisers. Billboards can be seen almost everywhere you go these days and at any hour this has been able to populate almost all the areas in the highways and even with the major streets all over the world. This can be proven by simply driving down the street and reading the countless advertising shown on buildings, company banners, digital billboards, standard static billboards, semi trucks, human billboard marketing and many other advertising mediums. This is because until a person no longer wants to advertise something on a billboard it remains on display full time to the thousands of prospective citizens passing by.

Billboards are designed to catch the eye of potential customers, persuade them to visit a website and sometimes political messages are displayed on the creative canvasses of billboards. No matter what the message, billboard has various approaches, physical aspects and meanings since every need is different for each particular person or audience. Because most people today want information quickly, billboard is a marketing effective tool to use because it offers a simple and concise solution that is also a cost effective investment.

Billboard advertising is always a great suggested tool to supplement all other forms of your marketing campaigns. But, before we agree with that testimony, the author has to conduct the research measuring sales response or effectiveness of billboard advertising. Measuring the effectiveness of outdoor advertising (billboards) is a very challenging task. A number of studies have been conducted to measure the effectiveness of billboards advertising. The effectiveness on the media has been compared using recall, awareness levels, and sales response, with recall and changes in awareness as the dependent measure being more commonly reported. Fitts and Hewett (1977) report a large-scale study to measure the effectiveness of the outdoor media using recall and awareness of the Miss America winner as the dependent measure. Tinkham (1983) and King and Tinkham (1989) studied the changes in awareness and its decay due to the outdoor media.

The ability of the media to produce sales response has also been reported. Nielfeld (1960) presented the result of an experiment where the exclusive use of one of the four

media (radio, outdoor, television, and newspaper) was compared to the regular media mix for the Florist Telegraph Delivery Association (FTDA).

Outdoor advertising resulted in an increase in sales of 31 percent over the average sales, producing higher response than news papers, television, and radio. While the advertising budgets allocated to these media were the same, only outdoor used color and thus may have accounted for these results. Eastlack and Rao (1990) reported further data to support that outdoor produces increased sales response. All of these studies have concentrated on analyzing the effects of outdoor advertising on awareness or behavior (sales, number of visitors, etc.)

As we seen from all those data, therefore it brought a big interest for author to do research on the effectiveness about billboard advertising in Jakarta and hence can also knowing how big the effects of billboards could attract the consumer's attitudes to make their purchase intention or whether the billboard is make consumer feel irritated. Nowadays we have seen many outdoor advertising in every place and every street in Jakarta maybe we could say companies now are doing the 'billboards advertising war'.

There are many different types of outdoor advertising that must registered based from *perda No. 2 tahun 2004 provinsi DKI Jakarta*, such as billboards, fabric, pamphlets, posters, stickers, vehicle, air balloon, sound, video, and so forth. But, in this study the author will focus on billboards.

Every billboard placement must have permission and advertisement tax associated with the local City Government and there is interesting factor that more encourage me to doing this research is because the tax of billboard advertising in Jakarta gives the biggest income for the local government. Therefore, Government has regulation that governing the tax and licensing procedures in Jakarta, Information based from

Dasar Pajak Reklame Perda No. 2 Tahun 2004 in province DKI Jakarta declare;

Billboards advertising is the object, instrument, deed or media according to the shape and style manifold for commercial purposes, is used to promote, advocate or recommend a product, a service or a person, or to draw public attention to a product, a service or a person that can be placed or seen, read and / or heard of a place by the public, except those conducted by the Government.

Included in the sense of advertising is brand, a symbol of the company logo which is a sign or initials or a symbol of a company that cannot be used by every company, so that the symbol or logo can be easily known to people (general).

Billboards that are not subject to Tax:

- Billboards for Political Parties, Social Organization, mass media, Government, Diplomatic, Consular, etc.(Non commercial)
- Advertisement Places of Worship and Orphanage. (Non commercial)
- Advertisement spacious 0.25 m² or less at an altitude of 0 to 15 meters
- Advertising is distributed free and useful for the recipient.

These are phase handling permit to small billboard (width <6 meters square) and billboards that made from fabrics material In Jakarta:

1. Applicants fill out forms and form SPOPD
(Surat Pendaftaran Objek Pajak Daerah) billboards statement given the stamp of Rp. 6.000, -
2. Applicant submits the form and file the staff requirements (file copy SKPD & Permits old, copy of KTP, photo location, design advertisement, photocopy the United Nations, where the owner's license, etc.).
3. Officers conducted a check and make SKPD (Surat Keterangan Pajak Daerah) Advertising in Computer billboard system.
4. Applicants pay SKPD billboard tax on treasury office region (Kasda) and pay guarantee unloading at Bank DKI (if any).

5. Applicant Submits evidence of payment to the officer SKPD a validated and signed *Kasda* officer.
6. Officers make billboard license in computers for advertisement boards or vehicles for the fiscal period of 1 year or more.

1.1.1 Problem statement

There are several issues that the author wants to research and studying about use and effectiveness of the billboard. The issues are; how do you know your billboards are working effectively toward to the consumer intention? How do you know the message of your billboard could catch in the consumer's minds? And how far the billboards will influence costumer in terms to make purchase intention? Therefore,

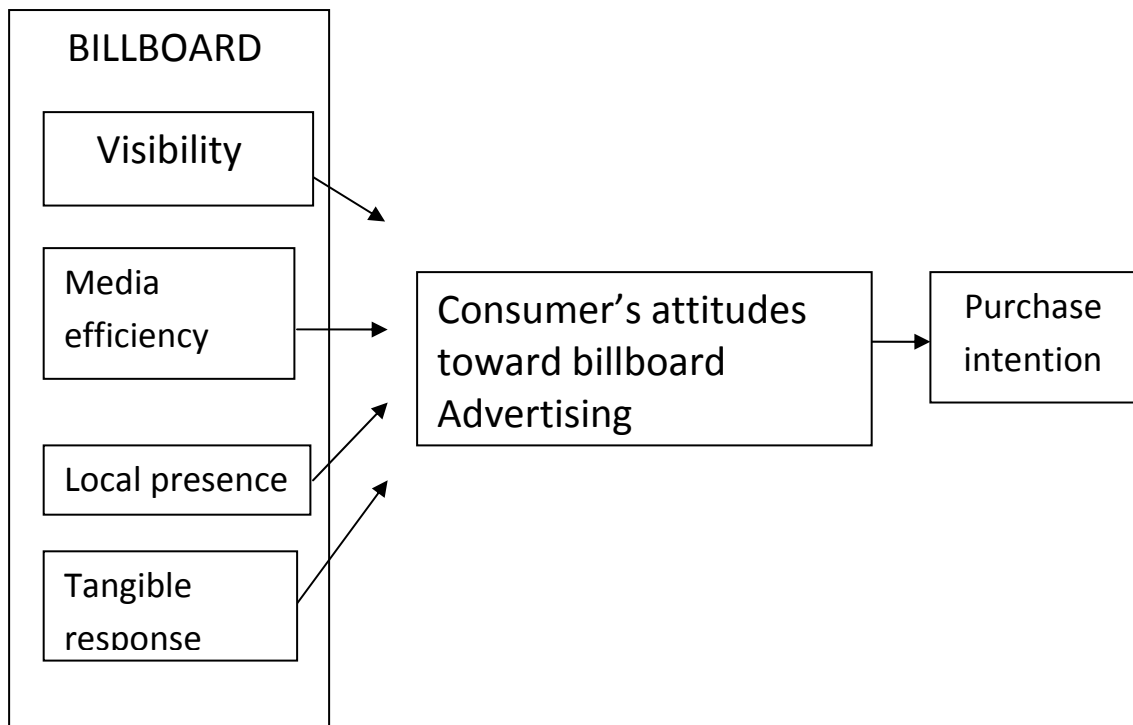
The purpose of this study is to know the use and effectiveness of billboard as a marketing promotional tool perspective from the consumer in Jakarta in order to influence their attitudes to make purchase intention.

1.1.2 Conceptual model

The proposed model of this research is a synthesis of a few journals that are related to outdoor advertising, consumer's attitude and purchase intention. Then, the author develops a model from those journals use to guiding this study also the model (Fig 1) is use to measure the effort of the billboard advertisements in Jakarta's market towards from consumer perspective.

After knowing the effect of billboard advertising to consumer's attitudes toward billboard advertising. Next, the author aimed to knowing the effect of consumer's attitudes toward billboard advertising to the consumer purchase intention

Figure 1.1 Conceptual model



1.1.3 Characteristics of billboard vs other media

Academic research have identified a variety of distinctive characteristics of billboards and outdoor advertising (e.g., Kelley and Jugenheimer 2004; Sissors and Baron 2002; Taylor 1997; Vanden Bergh and Katz 1999; Woodside 1990). The advantages of using billboards include, among other things: Potential placement of the advertisement close to the point of sale, High frequency of exposure to regular commuters, High reach, 24-hour

presence Geographical flexibility for local advertisers, Economic efficiency in terms of low production costs and low cost per thousand exposures, Visual impact from advertisement size and message creativity, Brand awareness Disadvantages include: The need to limit the number of words in the message, Short exposure to the advertisement, Low demographic selectivity, Measurements problems. A recent study of billboard users found that compared to other media, billboards advertising were rated higher in terms of ability to;

- Communicate information affordably
- Attract new customers
- Increase sales (Taylor and Franke 2003)

Billboards are used promotional marketing tool because; billboards can be seen almost everywhere you go these days and at any hour. This is because until a person no longer wants to advertise something on a billboard it remains on display full time to the thousands of prospective citizens passing by.

figure 1.2 Billboard advertising representing providers for telecommunication product



Figure 1.3 Billboard advertising representing electronic product (LCD TV)



Figure 1.4 Billboard advertising representing motorcycle product



Those are the examples of companies in Jakarta that use billboard as a marketing promotional tool with each different product (provider, electronic, motorcycle) the reason why the author choose those 3 billboards (telecommunication, electronics, motorcycles) because costumers in Jakarta are often or easily influenced to change the brand or product from all three types of product and also consumer in Jakarta can be classified as a “consumptive market”. For example on the telecommunication products, nowadays as we can see there are many people have more than one mobile phone with different provider, it indicates the consumer can easily influenced the brand by changed from the tariff or services from the provider. For electronic and motorcycle, the company always try to innovate for the new product because they knew consumer in Indonesia can easily influenced for every new product

- For figure 1.1 as we can see the design of their billboard concern about offering new tariff for its product. They use only a few of words but the size of fonts are large.
- For figure 1.2 as we can see the size of the billboard is not bigger than figure 1.1, but they use visual design and color attractiveness to integrate to their product, which is LCD Television
- For figure 1.3 which is billboard advertising that representing the new model of motorcycle. They come with clear tag line “Semakin dinamis” and put the whole image of their product on the billboard

1.2 Scope of Research

To approach the respondent the author first explain the purpose of this research which is, The research focused on the effectiveness of billboard and its effect to purchase intention. Considering the time limitation, the scope of this research was limited to Jakarta area only with approximately 150 respondents aged between 18-40 years old. The author gave questionnaire direct to respondents around the street, malls, universities and offices.

1.3 Aims and Benefits

While many advantages of billboards have been identified anecdotally, from experience, or through academic study, there is a need to investigate whether frequently listed advantages overlap with each other, and to examine whether they truly are advantages billboard are important to advertiser as promotional marketing tool because, billboards can be seen almost everywhere you go these days and at any hour.

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Billboards are designed to catch the eye of potential customers, persuade them to visit a website and sometimes political messages are displayed on the creative canvasses of billboards. No matter what the message, billboard has various approaches, physical aspects and meanings since every need is different for each particular person or audience. This can be proven by simply driving down the street and reading the countless ads shown on buildings, company banners, digital billboards, standard static billboards, semi trucks, human billboard marketing and many other advertising mediums.

The major emphasis of our research is to measuring and understanding the effects of variables that influences sales response from Jakarta's market to outdoor advertising. Thus, why the author interested to conduct this research about billboards advertising because, in recent years in Jakarta we have seen huge growth of creative and attractiveness of billboards advertising. By achieving those aims, this research would also provide several benefits of using billboards as a marketing tool.

1.3.1 Benefits

By doing study the about the effectiveness of billboard advertising we can get a lot of benefits and understanding about:

- sales responses toward billboard advertising
- increase brand awareness
- know the right strategy to make outdoor advertising work
- know how big the awareness of people (in Jakarta) on advertising in billboard
- know the consumer's attitudes toward billboard advertising
- To obtain bachelor degree from Binus International

1.4 Structures

CHAPTER I

Background

The background section includes the inductive reasoning of the problem, starting from the general context of the problem, scope of the thesis, aims and benefit of the thesis. First of all describe circumstances that exist at billboard. The circumstance will contains about; background of the billboard advertising effectiveness, reason and motivation on choosing the topic which is the use and effectiveness of billboards perspectives from consumer in Jakarta toward their purchase intention, and the problem that might occur on billboard advertisement.

Next the scope of thesis will explain about the targeted correspondent to be surveyed.

Last the aim and benefit will explain about author goals for the thesis.

CHAPTER II

Theoretical foundation

Theoretical foundation basically explains about the basic theory and terminology of outdoor advertising that will be used and support in this study for solve the problem and findings the result. The theoretical foundation will be divided into two main category, theoretical foundation and theoretical frameworks. Theoretical foundation will summarize and presented comprehensively and in accordance with the problem.

CHAPTER II

Research methodology

Research methodology section will intend to understand the problem. This section will be focusing on the analytical frameworks of thinking. Basically it contains

- Research question
 - Hypotheses
 - Scope of research
 - Research design
 - Data collection method
 - Research design
 - Data collection method
 - Sampling plan
 - Data analysis method

CHAPTER IV

Results and hypothesis

On the research findings it would contain the results, observation or implementation of the research method. Which are research data, analysis of the result, and discussion of the result

CHAPTER V

Conclusion and recommendation

Last the conclusion and recommendation section will contain the general result of the research, and explain about the findings mean to the objective of the research. Managerial implication, limitations, and future research recommendations will be main focus of the conclusion and the recommendation. These recommendations should be addressed to whoever gets benefits from the results of implementing the solution.