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THE EFFECT OF ADVERTISING ON PASSENGER AIRLINE PREFERENCE: THE CASE OF ETHIOPIAN AIRLINES

By

Fitsum Mekonnen

**Thesis Submitted to Addis Ababa University School of
Commerce in Partial Fulfillment of the Requirements for the
Degree of Master of Arts in Marketing Management**

June, 2018
Addis Ababa

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MA Thesis

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DECLARATION

I hereby declare that this research paper entitled “**The Effect of Advertising on Passenger Airline Preference: The case of Ethiopian Airlines**” is my work and suitable for submission for the Award of Master of art in Marketing Management (MA) and that, to the best of my knowledge, neither contains materials previously published by another person nor materials which has been accepted for the award of any other degree of the university, except where due acknowledgment has been made in the text.

Declared by:

Fitsum Mekonnen

June, 2018

Student

Signature

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LETTER OF CERTIFICATION

This is to certify that Fitsum Mekonnen carried out this research on the topic entitled “The effect of Advertising on passenger Airline preference: The case of Ethiopian Airlines”. This work is original in nature and is suitable for submission for the award of the Master of Arts Degree in Marketing Management.

Mulugeta G/Medhin (Ph.D.)

(Advisor)

DEDICATION

I would like to dedicate this paper to my brother Zelalem Mekonnen. Almighty God rests his soul in peace.

ABSTRACT

Advertising is a form of communication intended to convince an audience (viewers, readers or listeners) to purchase or take some action upon products, information, or services etc. This paper investigates the relationship between independent variables which are media factor, message factor, and source factor with dependent variable, airline passenger preference, by tapping the responses of 390 respondents from Ethiopian Airlines international passengers. To achieve the objectives of this study descriptive survey and explanatory research design was used. Data was collected through questionnaire from a sample of 390 passengers that were selected using convenient sampling method for the identification of respondents. The data collected from the questionnaire were analyzed using statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The results of this study indicate that, advertising dimensions such as (media factor, message factor and source factor) have positive and significant relationship with airline passenger's preference. The finding of the study indicates also that passengers were most satisfied with the advertising dimension. The results also indicate that, the three advertising dimensions (media factor, message factor, and source factor) have positive and significant effect on airline passenger's preference. Furthermore, the aforementioned advertising dimensions significantly contribute 56.9% to prefer Ethiopian Airlines rather than other Airlines. Based on the findings of the study, the researcher forwards sound recommendations. Finally, Ethiopian airline has to reassess its advertising as much as possible SMARTER objectives.

Key Words:

Media factor, Message factor, Source factor and Airline passenger preference

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CHAPTER ONE

INTRODUCTION

This chapter will contain introductory part of the entire study. It provides some insights about the ground and assumptions where the study is conducted. It states background of the study, statement of the problem, objectives, research hypothesis, significance, scope, definition of key terms, and organizations of the study. Accordingly, it begins with background of the study.

1.1 Background of the Study

Advertising is the effective source to influence the mind of viewers and gives viewers exposure towards a particular product or service (Katke, 2007). Advertising play an important role in business presentation and is a useful strategy to attract customers. It is a part of promotional mix to create awareness among target population. Like other parts of the world, in Ethiopia too, it has become a weapon for businesses to change customers' mind and their behavior towards purchasing. Nowadays, advertising have become one of the crucial commercial activities in competitive business environment.

Understanding the path through which advertising influence consumer choice is vital for researchers and practitioners (Clark et al. 2009). Advertising, sales promotion and public relations are mass-communication tools available to marketers. The mass communication tools trade off the advantage of personal selling and the opportunity to tailor a message to each prospect for the advantage of reaching many people at a lower cost per person (Etzel et al., 2007). Today, definitions of advertising abound. We might define it as communication process, a marketing process, an economic and social process, a public relations process or information and persuasion process (Arens, 2010).

Lunn et al. (2011) viewed advertising from its functional perspectives, hence they define it as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience.

Morden (2004) is of the opinion that advertising is used to establish a basic awareness of the product or service in the mind of the potential customer and to build up knowledge about it. Kotler (1988) sees advertising as one of the four major tools companies use to direct persuasive communications to target buyers and public noting that “it consists of non-personal forms of communication conducted through paid media under clear sponsorship”. According to him, the purpose of advertising is to enhance potential buyers’ responses to the organization and its offering, emphasizing that “it seeks to do this providing information, by channeling desire, and by supplying reasons for preferring a particular organization’s offer.

Advertiser’s primary mission is to reach prospective customers and influence their awareness, attitudes and buying behavior. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The advertiser’s goals are to get enough relevant market data to develop accurate profiles of buyers-to-find the common group (and symbols) for communications this involves the study of consumer’s behavior: the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 2010).

Sutton’s (1999) assumed that advertising enhances consumers’ willingness to pay by changing their quality perceptions. While profits increase in perceived quality, they may reduce in brand awareness (Boyer and Moreaux 1999), thereby stalling the competitive escalation in advertising. Doraszelski and Markovich (2007) show that even in small markets industry dynamics can be very different depending on the nature of advertising. From an empirical perspective, when estimating a demand model, advertising could be modeled as affecting the choice set or as affecting the utility that the consumer derives from a brand.

If the role of advertising is mistakenly specified as affecting quality perceptions (i.e., preferences) rather than brand awareness as it often is, then the estimated parameters may be biased. In her study of the U.S. personal computer industry, Sovinsky (2008) finds that traditional demand models overstate price elasticity because they assume that passengers are aware of and hence choose among all brands in the market when in actuality most passengers are aware of only a small fraction of brands.

Airlines are challenged by the increase in competition in addition to the increasing cost of operation and the huge investment required. These competitions are increasing the cost of attracting new customers. In addition to the mentioned reasons, volatility, legal regulations restricting operations, and disadvantage of increased cost structure with high fixed costs (Delfmann, 2005; shaw, 2007).

Air travel industry has been in the news frequently for a number of reasons. The future of major airlines worldwide is seen in danger by a number of analysts, researchers, media personnel, and so on. With all this, customer satisfaction and changing attitudes is yet another area that catches the common eye for solid reasons (Mansoor et al., 2010).

This study is intended to analyze the effects of advertising on passengers' airline preference in the case of Ethiopian Airlines. The study aims to determine relationship between advertising and passengers' airline preference.

Ethiopian Airline is one of the major and fast growing industries in Ethiopia. This calls for investigating advertising of airlines and its effects on airline preference. This study may reveal new insights in the knowledge area.

1.2 Background of the Company

Ethiopian Airlines is the fastest growing Airline in Africa. Ethiopian has become one of the continent's leading carriers, unrivalled in efficiency and operational success. Ethiopian commands the lion share of the Pan-African passenger and cargo network operating the youngest and most modern fleet to create a missing link through its vast African network to more than 100 international passenger and cargo destinations across five continents. Ethiopian fleet includes ultra-modern and environmentally friendly aircraft such as the Boeing 787, Boeing 777-300ER, Boeing 777-200LR, Boeing 777-200 Freighter, Bombardier Q-400 double cabin with an average fleet age of five years, and the latest Boeing 787-9 in 2017 (Ethiopian Fact sheet, 2017).

Ethiopian is currently implementing a 15-year strategic plan called Vision 2025 that will see it become the leading aviation group in Africa with seven business centers: Ethiopian Domestic and Regional Airline; Ethiopian International Passenger Airline; Ethiopian Cargo; Ethiopian

MRO; Ethiopian Aviation Academy; Ethiopian In-flight Catering Services; and Ethiopian Ground Service. Ethiopian is a multi-award winning airline registering an average growth of 25% in the past seven years (Ethiopian Fact Sheet, 2017).

1.3 Statement of the Problem

Advertising must be consistent enough so that it will be accepted and bring an effect on consumers' buying behavior when judged against information previously processed and held in long – term storage (Schultz & Tannenbaum, 1988).

In today's highly competitive business environment, almost all international business organizations in general and airline industries in particular depend to a large extent on the degree to which these industries are able to catch their customer preference which in effect satisfy their customer demand through the provision of more dependable, safe, secured and comfortable services better than their ultimate competitors. There is no doubt that efficient advertising is a critical factor in the success of air transport giving organization. This is particularly more pronounced in the international airline industries as these industries operate in an environment dominated by stiff competition (IATA 2016).

Advanced communication and information system technology have reduced distance, thereby making the flow of information around the world easier and accessible. As the world is turning into a global village, new products from abroad are finding their way into the country. The Ethiopian customer is now more aware of other cultures, lifestyle and brands due to satellite television and social media. This trend is more visible when it comes to youngsters especially university students. These groups of customers in particular are more aware of the latest technology and follow trendy fashions.

In the airline industry promotional activities are mainly about advertising, personal selling, loyalty programs, sweepstakes, raffles and give away items (Wensveen, 2007). Nevertheless, a company should not only focus on the communication with customers. Hence, one of the main purposes of promotional activities is persuading potential customers to choose the product of the own company and not products from competitors (Armstrong et al., 2009; Lovelock et al., 2008; Shaw, 2011, Wensveen, 2007).

Ethiopian Airlines customers worldwide have similar preference and attitude with values such as independence, quality, flexibility as well as enjoyment of life (Meredith and Schewe, 2002). These similarities of values are reinforced by communication technology including the internet with the recent development of social media and the availability of western media content via satellite television. Ethiopian Airlines is exposed to a wide variety of foreign competition. There is an assumption that due to the influence of technology growth, passengers prefer foreign products.

Therefore, examining of passengers' feedback about their preference is found to be one of the essential actions that need to be taken to keep the consistency at best level and to know factors that affect passengers' airline preference. Hence, this study tries to answer the following basic research questions.

1.4 Research Question

The focus of the study is to answers to the following basic research questions.

1. How do message factors influence passengers' preference of Ethiopian Airlines?
2. How do characteristics of the source person affect passengers' preference of Ethiopian Airlines?
3. How do media factors influence passengers' preference of Ethiopian Airlines?

1.5 Research Objective

This study has general and specific objectives.

1.5.1 General Objectives of the Study

The general objective of this study was to examine the effects of advertising on passengers' airline preference.

1.5.2 Specific Objective of the Study

The specific objectives of this study are: -

1. To examine the effect of message factors on passengers' preference in Ethiopian Airlines.

2. To examine the effects of source factors on passengers' preference in Ethiopian Airlines.
3. To investigate the effect of media factors on passengers' preference in Ethiopian Airlines.

1.6 Research Hypothesis

There is a positive significant relationship between the degree of utilizing advertising determinant variables, and increasing the level of passengers' airline preference. This leads to the following three hypotheses:

H₁: Message factors have positive and significant effect on passengers' preference of Ethiopian Airlines.

H₂: Characteristics of the source person have positive and significant effect on passengers' preference

H₃: Media factors have positive and significant effect on passengers' preference.

1.7 Scope of the Study

1.7.1 Content/Subjective Scope

In terms of content/subjective scope, in this study, the three factors that would affect advertising is taken as a comprehensive model consisting of the main advertising typically investigated in the field. Other advertising factors have been excluded from this study. The kind of consumers' preference studied in this paper is airlines passengers' airline preference.

1.7.2 Geographic Scope

Considering all service industry under this study is difficult and unmanageable from widens, experience constraints point of view. In addition to that the rational for the Ethiopian airlines chosen due to the proximity of the researcher, high growth of customer expectations, and sale growth, they have nearest regulation and procedures, policy framework, and services of technologies, with a better airlines experience, branch network, client base, volume of asset and its profitability in the service industry. Therefore, this study only focused on Ethiopian airlines.

1.7.3 Time Scope

This research focused on cross sectional survey research design. Because, the study is cross sectional survey meaning it is end by one-year time period.

1.7.4 Methodological Scope

Methodologically this research will focus on cross sectional survey/explanatory research design.

1.8 Significance of the Study

The value of this research; Firstly, the result of this research could take as a base for further research to any researcher who needs to see link of the result with other variables. Secondly, because of the growing challenges in the advertising, the roles and functions of the company are placed at stake compromising their ability to perform well and to identify its strength and problems quickly and systematically and gives direction whether to continue or improve its advertising and the operational processes of the organization in addition it helps the organization for identifying and managing advertising strategies. Moreover, it enables Ethiopian Airlines to establish valid and reliable service strategies. Thus, the drawn conclusion on the bases of the findings will have its own value for making remedial action, specially, to Ethiopian Airlines.

1.9 Limitation of the Study

There were certain limitations of this study in contradiction of achieving its objectives effectively. It was difficult to access some important document like previous studies with regard to advertising and passenger's airline preference in Ethiopian Airlines. The other limitation is, there were lack of cooperation in some respondent's during distributing and collecting the questionnaire and they were carelessly filling the questionnaire.

Furthermore, the survey will conduct in English languages at Bole International Airport for a cross section of time. Sufficient sample data will obtain from the survey. The researcher get more response if more language choices have been used and cover more destination airports since the selected respondents were from various alternatives. Finally, brand awareness, association, loyalty, and perceived quality elements have their own influence in preferences, for

this study, the effect of advertising in relation to brand awareness; association, loyalty, and perceived quality are not incorporated.

1.10 Organization of the Study

This research report comprises of five chapters. Chapter one consists of introduction that including background of the study, statement of the problem, research objectives, research questions, hypothesis, significance of the study, definition of key terms, limitations and scope of the study. Chapter two consists of Review of Related Literature, Chapter Three Research Methodology. This chapter includes research design, research approach, data gathering method and instruments, the population and sample size. Chapter four shows data analysis and interpretation and Chapter five which is the last chapter consisting of summary of the major findings, conclusions and recommendations will be drawn based on the conclusions of the study.

1.11 Definition of Key Terms

Ticket- is a document or electronic record, issued by an airline or a travel agency, which confirms that an individual is entitled to a seat on a flight on an aircraft. (IATA)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents review of literature that forms the basis of this study. Moreover, it discusses different models under the topic study that affect the purchase decision of customers. The chapter builds on theoretical definitions and empirical reviews of past studies that have been done, which help to construct for the conceptual framework.

2.1 Theoretical Review

2.1.1 Definition of Advertising

Advertising grew naturally out of the social, economic and commercial developments which took place at an earlier stage in our history.' T. R. Nevett, Advertising in Britian- A history, Heinemann, 1982Advertising, in the 1980s, is inescapable, vital and changing part of our lives. But it in one form or another has been with mankind ever since trading began. Certainly it was well established in ancient Greece and some actual examples were recovered from under the volcanic ash that preserved the ruins of Pompeii (Wilmshurst, 1985). Advertising is a way of communication to convince an audience for taking purchase decision about a product or service and delivering information to viewers (Niazi et al, 2012).

Advertising is defined as any paid form of non-personal presentation and promotion of ideas, goods or service through mass media such as newspapers, magazine, television or radio by an identified sponsor (Kotler& Keller, 2012). Advertising is the best-known and most widely discuss form of promotion. Marketers use advertising for its cost-effectiveness with large audience and it also create brand images and symbolic appeal for a company or brand. It has been established that customers are more likely to consider buying and using certain brand of what they can remember the brand name and something about its attributes or benefits (Kotler and Armstrong, 2003; Belch & Belch 2009; Olusola et al, 2011).

2.1.2 Concept of Advertising

Today, we all have strong concepts of what advertising is, and we also tend to have very strong opinions and prejudices about it. Definitions of advertising are many and varied. It may be defined as a communication process, a marketing process, an economic and social process, a public relations process, or an information and persuasion process, depending on the point of view. Advertising is the non-personal communication of information, usually paid for and usually persuasive in nature, about products, services, or ideas by identified sponsors through various media (Bovee and Arens, 1994).

According to Wijaya (2012) a modern definition of advertising includes other important factors, such as media, audience, and goals. Advertising was defined in the journal as a paid form of persuasive communication that uses mass and interactive media to reach broad audiences in order to connect an identified sponsor with buyers (a target audience) and provide information about product (goods, service, and ideas). This definition has five basic factors: is usually paid by the advertiser, the sponsor is identified, generally reaches a broad audience of potential consumers, seeks to inform and also persuade or influence consumers, and the message is conveyed through many different kinds of mass media and also now interactive types of media.

Advertising is the use of paid-for space in a publication, for instance, or time on television, radio or cinema, usually as a means of persuading people to take a particular course of action, or to reach a point of view. It may also be taken to include posters and other outdoor advertising (Wilmshurst, 1985)

2.1.3 Objectives of Advertising

An advertisement is one of the topical strategies of many brands for the promotion of their product. The purpose of mass advertisements is to gain attention for the product, ensuring prolonged association with consumers, or for the purpose of recall of their product in customers' mind (Rai, 2013).

Advertiser's primary mission is to reach prospective customers and influence their awareness, attitudes and buying behavior. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The advertisers' goals are to get enough relevant market data to develop accurate profiles of buyers-to-find the common group (and symbols) for communications this involves the study of consumer's behavior: the mental and emotional processes and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 1996).

To create a demand for new products by explaining its utility, to announce a new product or service, to increase its sales by attracting new customers, to create brand preferences, to expand the market for new buyers, to assist the salesmen in their selling efforts, to warn the public against imitation of the product of the firm, to prepare ground for new products, barring new entrance, make special offers through sales promotion, to neutralize competitors advertising, and to enhance goodwill of the firm. Objective of any advertising is to communicate about the product and services to the prospective customers. General objectives of advertising are to inform the customers about the attributes and uses of the product (Helina, 2012).

Advertising is related and begins with a base of creating awareness and strengthening a company's position or image. It is advertising that makes the companies known. The second role is to create favorable climate for salespeople. In some instances, customers will order directly from the advertising, so the final purpose of advertising is to generate sales (Dwyer and Tanner, 2002). In addition, they define mass media advertising as "non-personal, paid announcements by an identified sponsor to reach large audiences, create brand awareness, help position brands, and build brand images" (Dwyer and Tanner, 2002).

Advertising is also a valuable tool for building company or brand equity as it is a powerful way to provide consumers with information as well as to influence their perceptions. Advertising can be used to create favorable and unique images and associations for a brand which can be very important for companies selling products or services that are difficult to differentiate on the basis of functional attributes. Companies selling their products and services to the consumer market generally rely heavily on advertising to communicate with their target audiences as do retailers

and other local merchants. Advertising is also used extensively by companies who compete in the business and professional markets to reach current and potential customers (Belch & Belch, 2009).

In today's market the range of products and services is especially large, they are all impossible to remember or purchase. The main goal of advertising a certain product or service is to attract the customer's attention and analyze the impact of advertising on the customers' behavior, which is determined by a number of cognitive, emotional and behavioral aspects. In the center of advertising is the customer, whose psychology is determined by numerous aspects and advertising itself, which aims at arousing the customers wish to acquire the product advertised, and most importantly, at achieving the act of purchasing the product (Jakštien, Susnien and Narbutas, 2008).

All the efforts to make an advertisement are centered on the sole aim of making it so effective and persuasive in a natural way so as to serve the motto of meeting the consumer psyche in a positive manner (Rai, 2013).

2.1.4 Importance of Advertising

For any business, advertising may perform a variety of functions when implemented correctly, and its effect may be dramatic. It helps to identify products and their sources and to differentiate them from others, and it communicates information about the products, its features, and its location of sale; it helps to try to induce new products and to suggest reuse. It can stimulate the distribution of products or services on local or global level (Arens, Schaefer & Weigol, 2009).

Advertising can help companies develop consumers' awareness to an unmet need or introduce a product that consumers may see as valuable. This influence is often present when new products enter the market. Customer awareness is often low for these items until companies promote them and attempt to drive customer demand through advertising (Dinu&Dinu, 2012).

Advertising can also use to create images and symbolic appeals for products and services, a capability that is very important to companies that are selling products and services that are very difficult to differentiate. It has the ability to strike a responsive chord with consumers when other elements of the marketing program have not been successful (Belch & Belch, 1990).

According to Ph. Kotler and Armstrong (2003), both the businesses and individual sellers should ask themselves what should the advertising of their products and services be and what impact on the customer should it make.

The role of advertisement changes unto what the organization wants them to do. An organization uses the advertising to help them survive from the impacts of economic trends. Still, the economist's views that the advertising plays a significant effect on the consumer behavior and in a long process, the advertising can lead the organization to competition. Based on the understanding regarding the advertising, the approach rooted in the organization's search for the right answer on the effect of the competition. Consequently, the accepted basic role of the advertising is to provide the consumers with the right amount of information regarding the product or services, which is related to the objective of the competition and that is to deliver the consumer satisfaction. In this view, the level of advertising affects the consumer who is the focus of the organization as cited by Vivekananthan, (2010)

According to Rahman (2012) advertising plays an important role in the process of moving the goods/services from the producers to the consumers. With mass marketing to distribute the output of production, the GDP (Gross Domestic Product) may increase to a considerable extent. Advertising helps to increase mass marketing while aiding the consumer to choices and preferences from amongst the variety of products and services offered for his selection and option. It was only in the latter half of the 19th century, that mass advertising, as we know it today, came into being. Mass production became a reality, and channels of distribution had to be developed to cope with the physical movement of goods, creating a need for mass communication to inform consumers of the choices available to them. We are all influenced with advertisements in our day to day life. Its forms and contents both are well liked amongst consumers. In other words, advertising is simply an economic movement with only one objective behind to increase the consumer demand of the product as well as to enhance the sales volumes.

Advertisements tend to be highly informative and present the customer with a number of important product attributes or features that will lead to favorable attitudes and can be used as the basis for a rational brand preference. People get information from the advertisement through the attractiveness it holds, the attention it creates and the awareness it gives. (Arens, 1996)

Advertising is also a type of communication. It is actually a very structured form of applied communication, employing both verbal and non-verbal elements that are composed to fill specific space and time determined by sponsor. Effective communication through advertisement leads the consumers toward the purchasing of brand (Belch & Belch, 1998).

2.1.5 Classifications of Advertising

The nature and purpose of advertising differ from one industry to another and/or across situations. The targets of an organization's advertising efforts often vary, as do advertising's role and function in the marketing program. One advertiser may seek to generate immediate response or action from the customer; another may want to develop awareness or a positive image for its product or service over a longer period.

Marketers advertise to the consumer market with national and retail/local advertising, which may stimulate primary or selective demand. For business/professional markets, they use business-to-business, professional, and trade advertising (Belch & Belch, 1998).

National Advertising- is advertising done by large companies on a nationwide basis or in most regions of the country. Most of the ads for well-known companies and brands that are seen on prime-time TV or in other major national or regional media are examples of national advertising. The goals of national advertisers are to inform or remind consumers of the company or brand and its features, benefits, advantages, or uses and to create or reinforce its image so that consumers will be predisposed to purchase it (Belch & Belch, 2006).

Retail/Local Advertising- is advertising done by retailers or local merchants to encourage consumers to shop at a specific store, use a local service, or patronize a particular establishment. Retail or local advertising tends to emphasize specific patronage motives such as price, hours of operation, service, atmosphere, image, or merchandise assortment. Retailers are concerned with building store traffic, so their promotions often take the form of direct-action advertising designed to produce immediate store traffic and sales (Belch & Belch, 2009).

Primary- versus Selective-Demand Advertising

Primary-demand advertising is designed to stimulate demand for the general product class or entire industry. Selective-demand advertising focuses on creating demand for a specific company's brands. Most advertising for products and services is concerned with stimulating selective demand and emphasizes reasons for purchasing a particular brand (Sighn, 2009).

Business-to-Business Advertising- is advertising targeted at individuals who buy or influence the purchase of industrial goods or services for their companies. There are three basic categories of Business to Business advertising: Industrial advertising targeted at individuals in businesses who buy or influence the purchase of industrial goods or other services. Industrial goods are products that either become a physical part of another product (raw material or component parts), are used in manufacturing other goods (machinery), or are used to help a company conduct its business (e.g., office supplies, computers). Business services such as banks, insurance, travel services, and health care are also included in this category.

Professional Advertising- is advertising targeted to professionals such as doctors, lawyers, dentists, engineers, or professors to encourage them to use a company's product in their business operations. It might also be used to encourage professionals to recommend or specify the use of a company's product by end-users. Trade Advertising- is advertising targeted to marketing channel members such as wholesalers, distributors, and retailers. The goal is to encourage channel members to stock, promote, and resell the manufacturer's branded products to their customers (Belch & Belch, 1990).

2.1.6 Consumer Behavior

The American Marketing Association (2014), defines consumer behavior as the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. In other words, consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things in the environment that influence these thoughts, feelings, and actions. These include comments from other consumers, advertisements, price information, packaging, product appearance, blogs, and many others.

In addition, consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. That includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluations on future purchases, and how they dispose of it.

Understanding the behavior of consumers before they made purchase decision will help for product manufacturers and service providers to develop strategies in line with customers' actions. Particularly knowing what makes customers to prefer between brands will make the manufacturer to adapt strategies based on the influential factors. Unable to analyze the antecedents hinder companies from being competitive. Hence, understanding the behavior of consumers specially their brand preference has to be a critical issue and concern for strategic developers.

2.1.6.1 Consumer Buying Decision Process

Consumer buying decision process consists of a series of processes or steps, beginning with a felt need or want arising from either internal or external services and terminating with a confirmation of the decision. The need may be an urgent or compelling one, demanding immediate satisfaction; or it may be one for which the satisfaction can be delayed or postponed. In any event a tension is created which sooner or later must be quit. In order to further understand the decision making process study has taken the consumer buying decision making process model from David Jobber (2007).

Need recognition: Accordingly, to Jobber D. (2007), the need recognition is essentially functional and recognition may take place over a period of time. This occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. The need can be triggered by internal stimuli or by external stimuli. Internal stimuli can trigger a need when one of the individuals' normal needs like hunger, thirst shelter raises to a level high enough to become a drive. From previous experience, the individual has learnt how to cope with this drive and is motivated towards objects that will satisfy the need.

External stimuli can also trigger a need. In this instance, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to investigate what kind of need or problem arises and what brings a consumer to prefer one brand over the other. In this stage of the consumer buying process the consumer perceives there is a problem to be solved, which may be large or small, simple or complex. In this study mobile phone is viewed as the product which will satisfy university students' need for telecommunication in their day to day activities.

Information search: the information search begins with the identification of alternatives ways of gathering information about the product consumer intend to purchase (Jobber D., 2007). It is the process by which the consumer surveys his or her environment for appropriate data to make a reasonable decision. Normally, the amount of information searching activities of a consumer depends on the type of product which either require high involvement or low involvement. For a product that requires high involvement there might be a significant difference between brands which require an immense effort or insignificant differences between brands which leads to dissonance reducing buying decisions.

The consumer can acquire information regarding a particular product from various sources. These sources include personal sources like family and friends, commercial sources like advertising, salespeople or displays, public sources like mass media and social networking sites and finally experiential source like handling, examining and using of product. The relative influence of these information sources varies with the product and the buyer. In the case of university students, the source of information for mobile phones can be collected based on their previous experience on usage as well as external source like friends, colleagues, neighbors, several published medias and so on.

Evaluation of alternatives: Consumers evaluate or assess the various alternatives, using the information they have at hand to come to a decision (Jobber. D, 2007). This process involves comparing the information gained in the information search process for alternative products and brands to the product-judging criteria or standards the consumer has developed. For purchase decisions, the choice alternatives are the different product classes, product forms, brands, or models the consumer considers buying (J. Paul Peter and Jerry C. Olson, 2010). However, given

their limited time, energy, and cognitive capacity, consumers seldom consider every possible choice alternative. Usually only a subset of all possible alternatives, called the consideration set, is evaluated. Some brands in the consideration set may be activated directly from memory; this group is called the evoked set. For highly familiar decisions, consumers may not consider any brands beyond those in the evoked set. If consumers are confident they already know the important choice alternatives, they are not likely to search for additional ones (J. Paul Peter and Jerry C. Olson, 2010).

Consumers' evaluations of the choice alternatives in the consideration set are based on their beliefs about the consequences of buying those products or brands. The specific consequences used to evaluate and choose among choice alternatives are called evaluation criteria. Evaluation criteria are the dimensions used to judge the merits of competing brands (Michael S. et al, 2006).

Purchase decision: A purchasing decision usually follows strong purchase intentions. In this stage the consumer actually buys the product they have chosen. Generally, the consumer's purchase decision will be to buy the most preferred brand. A consumer's decision to change, postpone or avoid a purchase decision is influenced heavily by perceived risk. Many purchase involve some risk and the amount of perceived risk varies with the amount of money at stake, the amount of purchase uncertainty and the amount of consumer self-confidence. A consumer takes certain actions to reduce risk, such as avoiding purchase decisions, gathering more information and looking for national brand names and product warranties.

Post-purchase evaluation/behavior: in this stage the consumers take further action after the purchase decision by evaluating their satisfaction or dissatisfaction. Consumer satisfaction or dissatisfaction is determined by the overall feelings, or attitude, a person has about a product after it has been purchased. Consumers engage in a constant process of evaluating the things they buy as they integrate these products into their daily consumption activities.

2.1.7 Factors that Influence Consumers' Behavior

The many factors that affect acquisition, usage, and disposition decisions can be classified into four broad domains the psychological core, the process of making decisions, the consumer's culture, and consumer behavior outcomes. To make decisions that affect outcomes like buying

new products, consumers must first engage in processes described in the psychological core. They need to be motivated, able, and have the opportunity to be exposed to, perceive, and attend to information. They need to think about this information, develop attitudes about it, and form memories.

The cultural environment also affects what motivates consumers, how they process information, and the kinds of decisions they make. Age, sex, social class, ethnicity, families, friends, and other factors affect consumer values and lifestyles and, in turn, influence the decisions that consumers make and how and why they make them (Hoyer & Macinnis, 2010).

Two broad factors influence the consumers' choice. The first is the individual consumer whose needs, perceptions of brand characteristics, and attitudes toward alternatives influence brand choice. In addition, the consumers' demographics, lifestyle, and personality characteristics influence brand choice.

The second factor that influence on consumer buying decision is the environment. The consumers' purchasing environment is represented by culture (the norms and values of society), by subcultures (a part of society with distinct norms and values in certain respects), and by face – to – face groups (friends, family members, and reference groups). Marketing organizations are also part of the consumers' environment since these organizations provide the offerings that satisfy consumer needs (Assael, 2001).

Internal influences come from inside the consumer. They are the personal thoughts and feelings, including perception, self-concepts, lifestyle, motivation, emotion, attitudes, and intentions. You could call these the psychological influences. These influences describe the ways consumers interact with the world around them, recognize their feelings, gather and analyze information, formulate thoughts and opinions, and take action. You can use consumer internal influences to better understand the why and how of specific behaviors. The following sections help you gain a better understanding of each of these influences (Laura, 2009).

Motivation and emotion

Motivation is the driving force within individuals that impels them to action. This driving force is produced by a state of tension, which exists as the result of an unfulfilled need. Individuals

strive both consciously and subconsciously to reduce this tension through behavior that they anticipate will fulfill their needs and thus relieve them of the stress they feel (Schiffman&Kanuk, 2004).

Lindquist and Sirgy (2003) stated that emotions are the affective responses that reflect the activation of deep-seated and value laden beliefs within the consumer.

Perception- is representative of how a consumer processes and interprets information. You could describe perception as the way that consumers see the world around them — the world that includes your products and services (Schiffman, 2004) cited in (Tamboli, 2008). Perceptions are unique and determine purchasing behavior in every consumer differently. According to the Webster's Revised Unabridged Dictionary (1913) cited in Durmaz&Diyarbakirlioglu (2011), perception is the quality, state, or capability, of being affected by something external; sensation; sensibility. Another definition is that is the process by which an organism attains awareness or understanding of its environment by organizing and interpreting sensory information. Perception means the adaption of reality.

Attitude - is that lasting general evaluation of something. It represents how consumers feel about products, services, and companies. Attitudes can tell you a lot about your consumers and how well you are accepted in the marketplace. Just remember that consumers easily screen information that conflicts with their own attitudes (Laura, 2009). Peter et al, (1999) Attitudes exert an influence on behavior aiming to satisfy motivation. Consumers attitude always have some kind of concept, consumers have attitudes towards various physical and social objects including products, brands, models, stores and people cited in (Tamboli, 2008).

Self-concept and lifestyle: Self-concepts explain why consumers wear certain fashions, purchase particular products, and drive specific cars. They determine a consumer's behavior, because they represent how a consumer sees herself and how she thinks other people see her. When you understand the roles of self-concepts, you can use them to better target your marketing message and advertising to reach potential customers (Laura, 2009).

Lifestyle is reflected by the outward appearance of both internal and external influences of consumers. When you look at all the factors to gain a greater grasp of the lifestyles of your consumers, you can target promotional plans to those consumers. You also can identify market opportunities (Laura, 2009) and (Yakup & Jablonsk, 2012).

External influences: Consumers are faced with many external influences, including an individual's culture, subculture, household structure, and groups that he associates with. Marketers and business owners call these external influences because the source of the influence comes from outside the person rather than from inside (which would be internal, or psychological, influences). You also could refer to them as socio cultural influences, because they evolve from the formal and informal relationships the individual has with other people (Laura, 2009).

Culture and subculture: Culture is a pattern of values, beliefs, attitudes, opinions, and learned behavior that are held in common and transmitted by the members of any given society. They in turn shape the individual's attitude toward products and buying decisions. Culture also meets many of the emotional needs of individuals, so they strive to protect the beliefs and values of their cultures. This protection is reflected in their behavior as consumers (Kotler & Keller, 2012).

Subculture represents a group of individuals within a culture that have unifying characteristics. A subculture is often representative of a particular nationality, religion, racial group, or geographic group. You can use these unifying characteristics to market directly to a subculture. You can target consumers more directly with your marketing and create messages that are more appealing and enticing when you understand the subcultures of consumers (Lindquist & Sirgy et al., 2003).

According to Furaiji, Łatuszyńska & Wawrzyniak (2012) groups represent two or more individuals who share a set of norms, values, or beliefs. Examples include peer groups, school groups, business groups, and clubs. Individuals identify with groups to the extent that they take on the values, attitudes, and behaviors of that group. You need to understand the groups that consumers belong to because groups carry significant weight when it comes to the influence they have on consumers. You can also benefit from identifying the opinion leaders within groups and

informing them of the products you offer. By gaining their support, you market to the mass of a group by using the leader's endorsement.

Household structures - represents how many live in a home, what the ages of the occupants are, and what the household income is. Household structure is important to consumer behavior because the structure affects the consumption and purchasing patterns of the individuals within the home. Each member of the household structure also has a role in the decision-making process, and when you understand those roles, you can be more effective in helping those consumers make decisions on whether to purchase your product (Laura, 2009).

2.1.8 Uses and Effects of Advertising

The primary purpose in advertising is not simply to alter the demand curve, but to shift it upward and to the right. For the industry as a whole, this requires that it either bring consumers into the market who would not otherwise use the service, or encourage people who use the service to use it more frequently, or more intensively on longer hauls. For an airline in a competitive market, an increase in its demand may also accrue from a shift of passengers away from its competitors. This result of competitive advertising may lead to a requirement that all firms in the market advertise merely to retain their share, and such advertising, not creating new demand in appropriate amounts, leads to economic waste.

The bulk of airline advertising is directed toward, or at least results in, providing the potential traveler with specific information of a scheduling or price nature. Some is institutional, stressing the reliability, dependability, comfort, and convenience of air travel; some is almost purely competitive, stressing a sometimes nonexistent advantage, such as an alleged superiority of one aircraft or service over that of competitors.

In a recent speech before the Airline Finance and Accounting Conference, CAB Chairman Alan S. Boyd said "Any day of the week we can open the morning newspaper and be assured that carriers A, B, and C will carry you to designated destinations in less time than their competitors. I fail to see how such an approach sells air transportation." The intraindustry effects of advertising are perhaps most wasteful. Airlines competing for traffic on the same routes are compelled to advertise simply to maintain their share of the market. The question arises as to the

possible effect on joint airline revenues of an over-all reduction of such advertising by all competing carriers. Could the potential savings be translated into reduced fares that might be a genuine stimulus to demand, perhaps leading to increased revenues, accompanying lower advertising expenditures? It will not be easy to arrive at a definitive answer to this question, but its answer has important implications for regulatory policy.

Another interindustry use of advertising may occur when airlines serve different places through a common city. Here it is used to stimulate travelers to go to a place on one carrier's routes, rather than to one on the routes of a competing carrier. Although it is doubtful that such advertising has any effect on the business traveler, it may influence the pleasure traveler. The wastes of this type of advertising are not so clear-cut. Through it, new vacation spots are stimulated, which in the long run may be generally beneficial to the industry and to society; the short-run effects may appear uneconomic. In addition to competing with other airlines for a share of the consumer's dollar, airlines advertise in competition with other transportation industries, and with other industries generally. If the market for air transportation is carefully considered, this interindustry effect shows great long-term promise for the airlines.

Recent studies show that only 25 per cent of the population has ever flown, while only 8 or 9 per cent take an annual air trip. At the same time, it is estimated that during the year 1961 over 50 per cent of the population took an automobile, bus, or train trip of at least 400 miles round trip, and thus could be considered logical members of the market for air transportation.

2.1.9 Testing for Advertising Effectiveness

To measure the advertising effectiveness, we must be able to evaluate all the aspects of the communication elements. These are the Source, Message, Media and Budget.

Source

It has to be seen whether the source is effective and how the target market will respond to it. Some sources, like Kapil Dev, Sharukh Khan, Sachin Tendulkar, Amitabh Bachhan, Pretty Zinta, Kareena Kapoor, are very effective. They are attractive, genuine sports persons or actors and have the credibility. Sometimes, the source loses its credibility or becomes old and has to be changed. (Martin, 2006)

Message

How the message is communicated to the audience and what type of message it is, also effects the advertisement. The message should be memorable and should be able to deliver the advertising objectives. The delivery of the message and its setting or situation also matters a lot. The message must have proper headlines illustrations, text and layout. The ads must be ethical, the message should be credible and too much use of unnecessary sex should also be avoided.

There are certain consumable products like soaps, contraceptives, hair oils, creams and toiletries. These products sometimes have to use and take the help of the other sex for stimulating demand. (Martin, 2006)

Advertising has moved a long way from simply imparting direct information messages. Advertising and graffiti often have succinct, clever messages that are not direct statements of information.

For example, an ad that shows a Volkswagen Tourag towing a Boeing 747 along a runway does not need any words; it communicates very effectively that 'VW is compact but capable'.

This advertising message is oblique and indirect. Oblique communication can sometimes register a point with more impact. In management boardrooms advertisers traditionally ask their advertising agencies questions like: 'Are we getting our message across?'

'What message are buyers taking out of our ad?' This is based on the assumption that advertising is meant to be informational. Usually consumers are asked something like: 'What was the ad trying to say to you?' or 'What was the message that the advertiser intended?' Even with the above type of indirect message, this process can provide valuable feedback to advertisers and quickly tell them if their commercial is communicating what they want it to communicate; if the commercial is an informational one that is. However, the more the advertising moves away from direct message communication towards oblique message communication the less this makes sense. Entertainment commercials, including image, musical or drama commercials, are often oblique communications and very different from lecture-style commercials.

Indeed, it is difficult with many ads (especially image ads) to work out what message they intend to convey. Advertisers themselves find these ads the most difficult to evaluate, largely because there is little point in asking people what message they get from them.

There is a very real difference between advertising that has a clear, spoken, unambiguous message and advertising that is oblique, especially when it is more akin to drama or entertainment. We mentally process different types of ads in very different ways.

If you think of the current advertising for various image-advertised brands, you may find that the ad or the message, or both, is difficult to recall. What is missing from some of these ads is the sense that someone is trying to tell you something directly. This does not mean that they are ineffective just that they do not work by way of clearly elaborated messages. (Max, 2008)

Media Strategy

It is very important to decide the proper Media Mix. i.e. (Print Media, Broadcast Media) Newspaper or Magazines, Radio, T.V. that could generate the most effective results. Media vehicle has also to be decided, that is, which newspaper or magazines, which channel or T.V. which programmed on radio is to be used. This is decided by keeping the target audience in mind. The location of the Ad in a particular medium is also important. In a media we can choose the front page or the back page or the inside page or any ordinary page placed strategically. In T.V. some programs are more effective and popular. Some audience prefer old programs and some, like to new ones. (Martin,2006)

Budget

For evaluating of the advertisement, the money spent on the budget is also an important factor. It is sometimes believed that the increase in the advertising expenditure will lead to greater sales. However, this may not be true as optimal expenditure is required keeping in mind the role of other promotional mixes. (Martin, 2006).

2.2 Empirical Review

Several studies over the past years investigated what affects have been influencing the purchase decision of consumers toward product preference.

To formulate the problem scientifically, and to point out the importance of undertaking this study, it is essential to present a brief review of researches undertaken in this area. Although the review involved a large number of studies only a few studies which has direct and indirect bearing in the present study has been summarized. To mention some:

Wilfing (2013) conducted a study on Emirate Airlines passenger preference linked to advances in information and communication technology which revolutionize customer behavior by enhancing the availability of information by simplifying the booking process. The study explore how passengers prefer to obtain information, which information sources they perceive as trustworthy, which distribution channels are used for bookings and the evaluation of distinct product attributes. Results show that passengers carry out extensive information searches and stress the need for integrated marketing communication relation to the change. Conclude that passengers place the most importance on safety, punctuality, staff and the seat pitch. It also recommends for Emirates and any other carrier include a proactive approach towards new Information and Communication Technologies and their integration as marketing tool.

Zhang, Sun, Liu and knight on their published research 'be rational or be emotional: advertising appeals, service types and consumer responses' examine the use of emotional and rational advertising appeal regarding service options. The finding showed that differ in terms of their experience and credence properties and exploring the moderating role of individual difference in affect intensity on the consumers' varying reliance on rational vs emotional appeals.

The results provided support that an emotional advertising appeal led to a higher purchase intention in the experience service condition, while a rational message generated higher purchase intention in the credence service condition.

Muhammad *et al* (2014) conducted a study on the impact of consumer perception and advertisement on consumer buying behavior. The study was conducted in Pakistan. 150

questionnaires were distributed to randomly sampled respondents. The study found out that advertisement had strong positive impact on consumer buying behavior. It was also found that quality advertisement and positive perception can really play virtual role in improving consumer buying behavior. However, the state of advertising which had more effect to consumer buying behavior was not stated, a gap this intended to fill.

Niaziet *al* (2011) studied on the effective advertising and its influence on consumer buying behavior. The study was conducted in Pakistan. The methodology used was quantitative technique. 200 questionnaires were distributed and probability sampling was used in a sample for data collection. The findings of the study revealed that there is huge relationship between advertisement and consumer buying behavior. It also established the relationship between environmental response and consumer buying behaviors. According to the study, consumers are buying products which they see in advertisement more than emotionally. However, the research did not check consumer psychological behavior and social concerns the gap of this study intended to fill.

Arshudet *al* (2014) studied on the impact of effective advertising on consumer behavior. The study was conducted in seven cities in Pakistan. It used probability sampling of 300 respondents. The study found that TV advertising is more persuasive than other advert to convince customer to buy product because it shows and makes perception to consumer. The gap is that; it did not look about customer/consumer buying behavior in terms of how price can affect consumer behavior. Also the study was conducted in different setting.

Bansal and Gupta (2014) studied on the impact of newspaper advertisement on consumer behavior. The study selected a sample 1017 advertisements from different English newspapers which appeared recently in 6 weeks. They study found that many advertising in newspapers were informational and they were perfect in convincing consumer to buy store products. However, the study on less the way price affects consumer buying in advertising.

Vinereanet *al* (2013) studied on the effect of social media marketing on online consumer behavior. 200 questionnaires were distributed online by using random sampling from Lucian Bloga University. It was found that customers are significantly convinced by the advert in social media and influenced to buy. But on another hand, the study revealed that people do not trust

online social media advert because of security. This study covered only the University and did not use demographic variables in the data collection and did not examine the influence of price change on consumer behavior, a gap which the study intended to fill.

Muriye and Tun (2013) studied on Customer Expectation, satisfaction and loyalty relationship in the Turkish Airline Industry. Convenience sampling approach was used in distributing 421 questionnaires to the targeted respondents. It was found that many customers purchase ticket of airline because of the kind of services they received from an airline which they had experience with. The study further revealed that, good quality of services increase number of customers through physical evidence. The study did not look directly on advertisement and its influence on buying preference.

David *et al* (2014) conducted a study on the impact of advertising and pricing on consumer's online ticket purchasing. In the study quantitative technique was used. Respondents were given questionnaires from the explanatory sampling at Malaysia. The study found that many students were persuaded by social media advertisement in purchasing air ticket. It also revealed that pricing is the main reason for people to purchase the product. The study focused only on students and did not show how price and advertisement can be related in changing consumer buying preference a gap which the study filled.

Lukasz (2012) conducted a study on the impact of low cost carriers on forums development in less famous destinations. The study was conducted in Poland and the study used descriptive method. The study found out also shows that the low cost airlines attract many people to travel due to the cost and assurance of availability of flight. According to the study many tourists may visit many places at low cost due to low cost of airlines. However, the study did not say how tourists get information of low cost airlines and how advertisement has influenced consumer buying preference.

Talha (2012) conducted a study on American consumers' attitude towards different Airline companies' channels. The study focused on comparison of transaction methods. The questionnaires and interview were distributed to 300 respondents who were obtained through stratified sampling. The study revealed that customer seems to prefer online adverts and ticketing

more than traditional ways. However, the study did not show how advertisement has any influence in changing consumer attitude. This study therefore filled this knowledgeable gap.

Mariek, in his master thesis (n.d.) ' The effects of word of mouth on customers' product perceptions', focused on the different effects that either communication of a known source versus communication of strange source has on the perceptions of consumers as well as the differences existing concerning tone of voice, namely negative or positive word of mouth and his results indicated that customers do appreciate information from a known source much more than communication from an unknown source, this means that known sources are evaluated as being more credible than unknown sources.

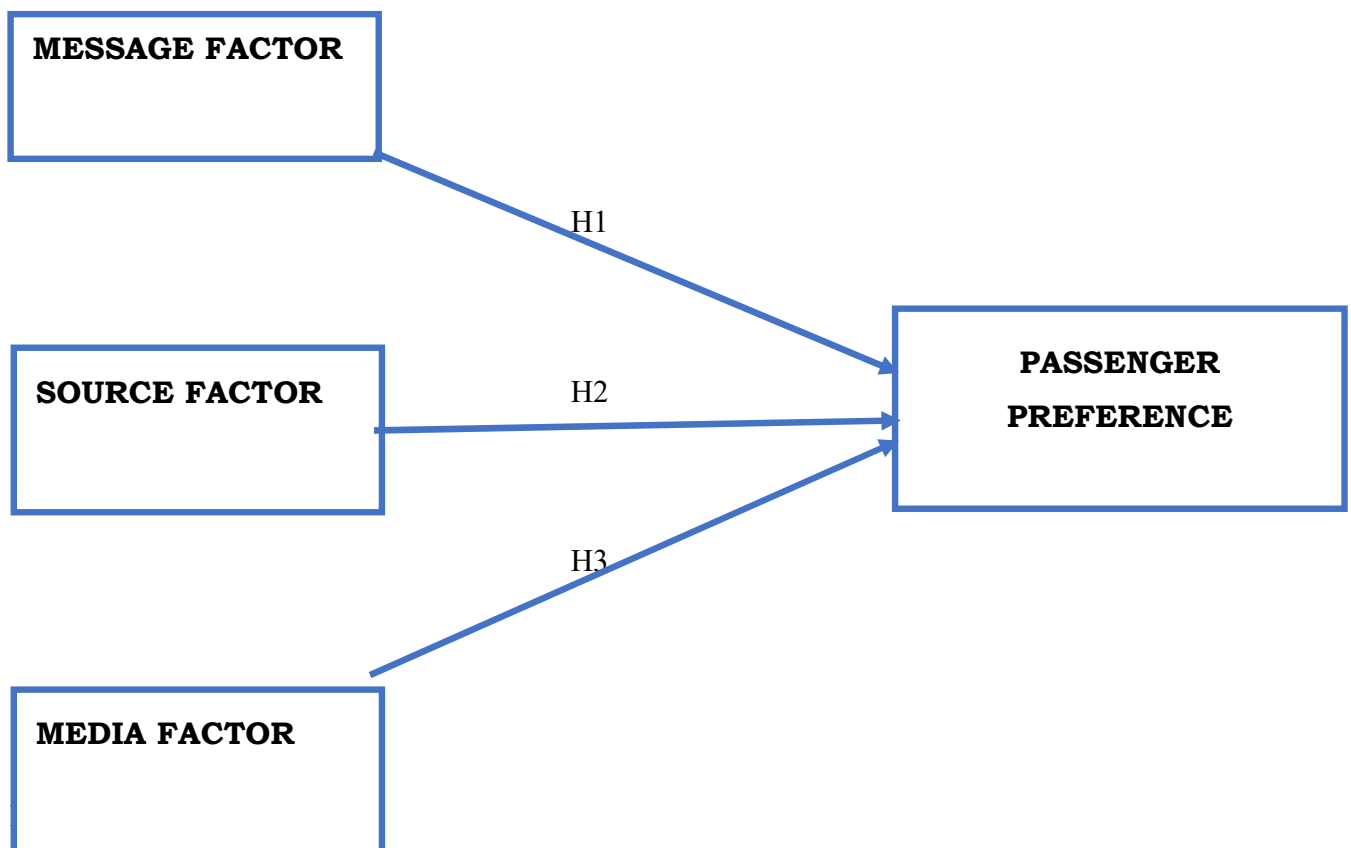
Melakamu (2014) on his non published research titled The effect of Media Advertising on customer buying behavior in banking service: the case of Oromia International Bank S.C. (OIB), examine the factors that motivate consumers to respond to media advertising and revealed that media ads were the most important sources of information and the types of media ads (broadcast & print media ads) and the objectives of media ad messages have significant effect on consumers' buying behavior. The findings showed that TV has the most powerful influence on consumers' buying behavior due to the combinations of audio-visual presentations

These different researches tried to identify how advertising can affect consumers' purchase decision. Based on the above theoretical definitions of promotion and its elements, models and the empirical relationship between the different promotional mix elements and the consumers purchase decision, the researcher would determine to assess the impact of promotional mix elements on customers' purchase decision and would also constructed this hypothesis and sub-hypotheses.

2.3 Conceptual Framework of the Study

Based on the Empirical review, this research tried to investigate advertising variables such as message factor, source factor and media factor which have a significant effect on Ethiopian Airlines passengers. Figure 4 Below presents the conceptual framework of the study.

Figure 1: Conceptual framework



Source: Adapted from (Kotler& Keller, 2012).

Message Factors – these are carrier’s advertisement which inspires customers to purchase a product. Message writing or copy writing is an art and a lot of effort and money is put into it. The color, design, structure of message is given great importance. Therefore:

H1: Message factors have positive and significant effect on passengers’ preference of Ethiopian Airlines.

Source Factors - The source environment in marketing communication has been one of the most impacted elements in the age of new media and the social media explosion. The view of the source as an identifiable origin of a single message that then is sent toward the receiver after being crafted by a marketer over a chosen channel to the consumer is no more. It has been replaced with an interactive and continuously evolving media landscape. Therefore:

H2: Characteristics of the source person have positive and significant effect on passengers' preference

Media Factors- Advertising media refers to the various media channels through which advertising is done. Advertising media is used for showcasing promotional content which communicated in various forms such as text, speech, images, videos using TV, radio, online, outdoor etc. Basically they are channels through which companies can advertise their products and services to reach to customers. Therefore:

H3: Media factors have positive and significant effect on passengers' preference.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This study aims to meet three research objectives: to determine the effects of message on passengers' preference in Ethiopian Airlines, to find out the effects of source of factor on passenger preference in Ethiopian Airlines, to find out the effects of media factor on passengers' preference in Ethiopian Airlines.

To address these objectives, this study will adopt the appropriate research methods and approach. The third chapter of this study will present methodology following to internalizing the problem to be studied and the effect of advertising on passenger airline preference that backs in chapter one and chapter two, the methodology part will try to describe the methods through which the objectives of the study can be answered. Accordingly, it will state about the research design, population and sampling procedures, data gathering methods and instruments, validity and reliability of the study, and finally procedures of data presentation and analysis.

3.2 Research Design

Research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure of effort, time and money. The formidable problem that follows the task of defining the research problem is the preparation of the design of the research project, popularly known as the "research design" (Kothari, 2004).

From what has been stated above, this research project will be undertaken the descriptive and explanatory research design. The rationality for choice of descriptive research design is concerned with narration of facts and characteristics of the given target population and the descriptive studies are used in order to describe and interpret the trend of events that exists. (Creswell, 2003).

Explanatory research design looks for causes and effect relationship (Krueger and Neuman, 2006), Zegeye et al. (2009), cited in, Solomon, it's a good description provokes the 'why' questions of explanatory research. Hence, to show the relation between variables explanatory research methods have been used.

3.3 Research Approach

Quantitative research attempts precise measurement of something. In business research, quantitative methodologies usually measure consumer behavior, knowledge, opinions, or attitudes. Such methodologies answer questions related to how much, how often, how many, when and who. Although the survey is not the only methodology of the quantitative researcher, it is considered a dominant one. (Copper, Donald R., 2003)

Survey research is a study where a sample of population is studied to determine its characteristics, and it is then inferred that the population has the same characteristics (Geoffrey 2005, P. 5). Large numbers of people are asked about their behaviors, attitudes and opinions to describe what they say, think and do. Since the population of this research is large, the survey approach is applied to the study. Survey enables the researcher to gather data at a particular point in time with the intention of describing the nature of existing conditions. It involves identifying standards against which existing conditions can be compared, as well determining the relationships that exist between specific events. Typically, survey method is used to scan a wide field of issues, populations, programs etc. in order to measure or describe any generalized features.

In general, due to the need for high response rate and low cost as a student researcher, the survey method is found to be economic and efficient one. By considering the aforementioned merits and the broad population as well as a single individual accomplishing the whole study, the survey approach is found to be practical to accomplish the objectives of the study. Furthermore, the questionnaire will provide rich information for the interpretation of effect of advertising on passenger airline preference.

3.4 Data Gathering Methods and Instruments

3.4.1 Data Gathering Methods

Data will be gathered from different bodies that have adequate closeness or exposure to the advertising practice. So that this study will be based on both primary data and secondary data because, it will save an enormous amount of time and money, and to have scientific conclusion.

One of the sources of data is primary sources which will include passengers. These will use as a sources of data for the position they hold provide them the opportunity to contribute to the understanding of problems related to effect of advertising on passenger airline preference.

In addition to this, the secondary data will be collected from internet sites and web pages of different organization, studies and report of institutions, professional Journals and articles relevant to the problem area, published materials directly or indirectly related to the problem area, and thesis's and report written by other researcher will be used.

3.4.2 Data Collection Instruments

Primary data will be used in the study. In order to build the research constructive and to make the reader comprehend its outcomes, secondary data will be used to contribute towards the formation of back ground information and empirical reviews. Primary data will be collected into major tools. The first will be self-administered questionnaire developed by the researcher based on the information from different literature and studies.

A questionnaire is a set of questions that will be structured questions in this case the questionnaire will have close ended questions by using a five level Likert-scale. In order that the respondents can tick the appropriate clue of his/her opinion. And also it will develop to measure the relationship between advertising practice and passenger's preference towards airlines based on the basic questions. Then it will be translating to variables of the study. So that this will prepared following the problem, literature review and conceptual frame work of the study.

3.5 The Population and Sampling Size

3.5.1 Population of the Study

As of December 2017, the total number of international passengers registered by the Ethiopian airlines 391102 is active in the organization. The study will be done at Ethiopian Airlines. The targeted population for this study will be passengers of airlines at Addis Ababa bole airport because they are the pool of the study.

Sample Size Determination

Sample size determination is a scientific task that should be performed with proper care (Zikmund, 2010). The following formula was used by the researcher to determine the sample size for a given population. A representative sample size with known confidence level which is 95% was selected, based on the formula of (Yamane, 1967).

Therefore, considering the above given points the sample size for this study was calculated as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = the sample size/ required sample size

N = the total population size

1 = designates the probability of the event occurring.

e= the level of precision (Sampling error that can be tolerated which is 5%).

Assumptions: A 95% confidence level, and **e** = ±5%

Therefore:

$$n = \frac{391102}{1+391102 (0.05)}$$

$$n = 399.75469$$

So, a total of 400 respondents (around 45% of the total population) will be taken selected to gather relevant data to complete the research work.

3.5.2 Sampling Techniques

Since the aim is to get actual information about the effect of advertising on passenger airline preference in Ethiopian Airlines, so that the study will focus on part of the target population such as airlines passengers. The researcher will use convenience sampling technique will be used for the identification of respondents to the quantitative data will be used on the bases of random selecting to identity respondents for quantitative questionnaire. So, that its major concern is to the relevance of the focus of the study and the representatives of the population.

That is the researcher chooses passengers that hold appropriate characteristics relevant to the research topic and the respondents will be conveniently selected. Therefore, in sample size selection, the major concentration will be on the quality of respondents or informants and their potential know how to provide rich and relevant information's which is vital for the desired goal and, for the future analysis and interpretation of the study.

3.6 Methods of Data Analysis

The research value will be measured by the data analysis tools applied to the study. The data will be analyzed using Statistical Package for Social Science (SPSS) software using tables and the study will use different test statistics to analyze raw data collected through the instrument on the effect of advertising on passenger airline preference, descriptive data analysis tools such as mean and standard deviation, regression and correlation will be used and simply to describe the behavior data in terms how the advertising enhancing passengers preference ultimately contribute to their comfortable, to make the data easily identifiable and understandable.

3.7 Reliability

Aim at the point that even if the research were repeated they would end up with similar results or the consistency or dependability of a measurement technique, and it's concerned with the consistency or stability of the score obtained from a measure or assessment overtime and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Marczyh, et al., 2005).

According to George and Mallery (2003, as cited in Joseph & Rosemary, 2003) Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistence or reliability of a psychometric test score for a sample of examinees. Cronbach's alpha reliability coefficient normally ranges between 0 and 1.

Table 3.1: Rule of Thumb of Cronbach's Alpha

Cronbach's Alpha	Description
$\geq .9$	Excellent
$\geq .8$ but $< .9$	Good
$\geq .7$ but $< .8$	Acceptable
$\geq .6$ but $< .7$	Questionable
$\geq .5$ but $< .6$	Poor
$\leq .5$	Unacceptable

Source: Zikmund, et al, 2010.

Therefore, to ensure reliability and validity, this study will be used methods such as self-administration questionnaire. Then the questionnaire will pre-tested based on pilot study, to guarantee a common understating of questions among respondents.

3.8 Validity of Instruments

Refers to the extent to which the concept one wishes to measure is actually being measured by a particular scale or index. According to Kothari (2004), validity aims at establishing the results which are linked with the condition. It is concerned with the extent that the scale accurately represents the construct of interest. In order to assure the validity of the measurement instrument

of the study is conducted based on the literally accepted conceptual framework that clearly indicate the theoretical construct and associated with the measurements valid to evaluate the effects of advertising (independent variables) on passengers' airline preference (dependent variable). Where possible this should be supported and consideration given to practical things. So that pre-questionnaire will be distributed to check the validity of questions to further data collection process. Comments and the discussion with Ethiopian Airline experts the question prepared to primary data collection for the research objective is found to be valid by researcher.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter attempted to present, analyze and interpret the data collected and relate them to the theory discussed in the second chapter of the paper. At the same time, the data is analyzed in association with the research questions raised in Chapter One. The center of focus of the presentation and analysis of data, this being the main objective of the study, are pieces of information only that are directly related to the effects of advertising on passenger airline preference in Ethiopian Airlines.

The data, as has been discussed in the preceding chapter, were gathered from primary source through self-administered questionnaires filled out by passengers of the Ethiopian Airlines. In terms of organization, this chapter is put into four subparts. Following the first subpart, which deals with the descriptive analysis, comes the second subpart that discusses the correlation analysis between the variables of the topic under study. The third subpart is one that presents the regression analysis. Bringing the information collected from the data analyzed, the last subpart discusses the results reached upon.

Response Rate of Respondents

In this chapter, the data collected from respondents has been analyzed and interpreted. A structured questionnaire was distributed to 400 account holder passengers of Ethiopian Airlines. Out of these, 390 questionnaires were collected and usable, that is a 97.5% response rate. SPSS version 16 was used for the analysis.

The analysis had the objective of measuring advertising level of passenger airline preference. The hypothesis that, advertising measurement dimensions have a significant effect on passenger airline preference have been tested. In order to proceed with the analysis, the reliability and validity of the construct was tested. Finally, the study established a model passenger airline

preference can use to prioritize from among the advertising dimensions by using regression analysis.

4.2 Reliability Analysis

Reliability refers to the confidence we can place on the measuring instrument to give us the same numeric value when the measurement is repeated on the same object. (Gaur & Gaur, 2009) The dimensions for measuring advertising as explained in the literature are established as media factor, message factor, and source factor. But the scale has to be checked for its internal consistency or whether it measures what it set out to measure. The Cronbach alpha coefficient is an indicator of internal consistency of the scale.

A high value of the Cronbach alpha coefficient suggests that the items that make up the scale “hang together” and measure the same underlying construct. A value of Cronbach alpha above 0.70 can be used as a reasonable test of scale reliability. (Gaur & Gaur, 2009). Therefore, all the three dimensions of measuring advertising were found to be high in their internal consistency and thereby in measuring the dimensions of interest.

Table 4.1: Reliability Measure of advertising dimensions for all variables

	Cronbach's Alpha
I come across with Ethiopian Airlines media advertisement frequently.	.905
Ethiopian Airlines advertise more on media than other carriers.	.904
The most interesting Ethiopian Airlines advertising is those on internet and social media.	.903
Ethiopian Airlines advertising which interests me the most is on the television.	.905
Ethiopian Airlines advertising which interests me the most is on the print publication.	.903
Ethiopian Airlines media selections properly meet its target audience.	.904
Ethiopian Airlines advertising message is understandable.	.903
Ethiopian Airlines advertising message is relevant to me.	.903

Ethiopian Airlines benefits described in the advertising are reliable to me.	.903
The advertising message of Ethiopian Airlines is attractive.	.907
The advertising message of Ethiopian Airlines is truthful.	.902
The advertising message of the Ethiopian Airlines is creative.	.902
The airline's new destination opening advertisements entice me to prefer Ethiopian Airlines.	.904
The hospitality of the cabin crew invites me to prefer Ethiopian Airlines.	.906
I consider recommendations from friends and family as information source before choosing Ethiopian Airlines.	.905
I consider personal experience from previous flights as information source for choosing Ethiopian Airlines.	.903
I consider website (www.ethiopianairlines.com) and internet as source of information before choosing Ethiopian Airlines.	.904
I consider advertisements in newspapers and magazines as information source before choosing Ethiopian Airlines.	.904
I consider information and advertisements found in travel catalogues as source before choosing Ethiopian Airlines.	.911
I did not consider any of the information sources mentioned above	.903
I can easily recognize Ethiopian Airlines advertisement which eventually persuades me to prefer the airlines.	.902
I prefer Ethiopian Airlines as its advertisements are precisely demonstrate services feature.	.903
I feel that Ethiopian Airlines top management public speeches invite me to consider the airline.	.901
The airline's safety record invites me to prefer Ethiopian Airlines.	.901

Table 4.2: Composite Reliability Measure of advertising dimensions

Variables	Cronbach's Alpha
Message factor	.873
Media factor	.821
Source of factor	.901
Passenger airline preference	.897

As can be seen from Table 4.1 and Table 4.2, all the dimensions have relatively the same Cronbach Alpha results which are over 0.70. This implies that all the advertising measurement dimensions have internal consistency. Source factor has the highest alpha result with a 0.901, followed by airline's preference 0.897, message factor 0.873, and media factor 0.772.

Validity Analysis

The empirical findings of this study conducted by using Pearson correlation have proven that there is a relationship among advertising dimensions and passengers' airline preference at $p < 0.05$ coefficient level for all the three dimensions. Therefore, the validity of the instrument is supported at a high level of significance.

General Information of Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents that requested a limited amount of information related to personal and demographic. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include; gender, age, education level, reason for travel and frequency of travel by air.

From the total of the respondent's female respondents constitute the highest percentage (63.3%) of respondents while the male constituted 36.7% of the respondents. The age group 46 – 60 which account for 53.1 % of the total study sample constitutes the largest percentage followed by age group 31 – 45 consisting of 22.7%, 61 and above has scored 18.8% while the age group below 18 - 30 is the least with 5.3% of the respondents. The study shows that 58.9% of the

respondents were has no educational status, 40.1% were primary education, and the rest of 1.0% were college diploma. A business and leisure reason for air travel account for 55.1% and 44.9% of the total respondents respectively. The study also shows that 53.6%, 22.2%, 14.5%, and 9.7% of the respondent's frequency of travel by air were once a year, once a month, several times per month, and once every six months correspondingly. Table 4.1 summarizes the profile of the respondents below.

Table 4.3: Respondents Characteristics

		Frequency	Percent
Gender of Respondents	Male	159	40.8
	Female	231	59.2
	Total	390	100.0
Age of Respondents	18-30	5	1.3
	31-45	150	38.4
	46-60	210	53.8
	61 and above	25	6.5
	Total	390	100.0
Respondents Educational Level	primary education	122	31.3
	Diploma	183	46.9
	Degree	85	21.8
	Total	390	100.0
Respondents Reason For Air Travel	Business	204	52.3
	Leisure	186	47.7
	Total	390	100.0
Respondents Travel By Air	Several times per month	98	25
	Once every six month	90	23.1
	once a month	100	25.8
	once a year	102	26.1
	Total	390	100.0

Source: primary data, 2018

4.3 Descriptive Analysis of Advertising Variables and Passengers' Airline Preference

The analysis of this study was done using descriptive statistic or through using central tendency, from these the researcher used the mean scores of each variable. The main reason of using this measurement was to demonstrate the average responses of respondents for each question that was included under each dimensions of the predictor variable and to reach the grand mean of each dimension. Analysis of each of the three advertising dimensions was discussed below regarding to every item of advertising dimensions. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear. 1-1.8= Strongly Disagree, 1.81–2.6 = Disagree, 2.6 –3.4= Neutral, 3.4 –4.20= Agree and 4.2 –5 = Strongly Agree (Best, 1977, as cited by Yonas, 2013).

4.3.1 Effect of Media Factor on Passenger Airline Preference

Table 4.4 shows, passenger airline preference media factor with 3.46 values from the descriptive statistics indicate that passengers perceive that passenger airline preference media factor being offered by the passenger airline preference is agreed, according to (Best, 1977) the mean score of 3.4 –4.20 is under agree range. From the variables the higher contribution to the mean has come from the second item that means the Ethiopian Airlines advertise more on media than other carriers with the mean value of 3.40 and 1.21 respectively. However lower contribution is by the first predictor that means the passengers come across with passenger airline preference media advertising frequently with the mean value of 3.25 and 1.16 respectively. The mean score of the construct shows that the passengers' perception of the passenger airline preference media factor is agreed.

Table 4.4: mean and standard deviation for media factor

	N	Mean	Std. Dev.
I come across with Ethiopian Airlines media advertising frequently.	390	3.2560	1.16049
Ethiopian Airlines advertise more on media than other carriers.	390	3.4058	1.21861
The most interesting Ethiopian Airlines advertising is those on internet and social media.	390	3.3623	1.16965
Ethiopian Airlines advertising which interests me the most is on the television.	390	3.3865	1.10401
Ethiopian Airlines advertising which interests me the most is on the print publication.	390	3.5556	1.03603
Ethiopian Airlines media selections properly meet its target audience.	390	3.8019	1.07233
Cumulative Mean of Media Factor	390	3.4614	0.7399

Source: primary data, 2018

4.3.2 Effect of Message Factor on Passenger Airline preference

Message factor with 3.62 values from the descriptive statistics analysis according to (Best: 1977) indicate that passengers perceive that message factor being offered by the passenger airline preference is agreed hence the mean score that has the value from 3.4 -4.20 shows agreement level of message factor delivery. The higher contribution of the mean has come from the first variable that means the passenger airline preference advertising message is understandable with the mean value of 3.83 and .987 respectively. From this inference, the researcher can conclude that passengers have agreement perception towards the message factor of the aspects of the passenger airline preference.

Table 4.5: mean and standard deviation of message factor

	N	Mean	Std. Dev.
Ethiopian Airlines advertising message is understandable.	390	3.8309	.98799
Ethiopian Airlines advertising message is relevant to me.	390	3.5700	1.03515
Ethiopian Airlines benefits described in the advertising are reliable to me.	390	3.8068	1.01511
The advertising message of Ethiopian Airlines is attractive.	390	3.5604	.98285
The advertising message of Ethiopian Airlines is truthful.	390	3.4058	1.05184
The advertising message of the Ethiopian Airlines is creative.	390	3.5894	1.07056
Cumulative of Message Factor	390	3.6272	0.6970

Source: primary data, 2018

4.3.3 Effect of Source Factor on Passenger Airline preference

Based on data analysis Table 4.6. the mean scores of passenger's perceived sources of factor of passenger airline preference range from 3.4-4.20 indicate that passengers perceived that the source of factor of Ethiopian airlines is agreed. The mean score of source of factor is 3.36, which suggests that the customers find the source of factor Ethiopian airlines is agreed.

Table 4.6: mean and standard deviation of source factor

	N	Mean	Std. Dev.
The airline's new destination opening advertisings entice me to prefer Ethiopian Airlines.	390	3.5411	1.26836
The hospitality of the cabin crew invites me to prefer Ethiopian Airlines.	390	3.3623	1.11874
I consider recommendations from friends and family as information source before choosing Ethiopian Airlines.	390	3.7053	1.08167
I consider personal experience from previous flights as information source for choosing Ethiopian Airlines.	390	3.4348	1.10355
I consider website (www.ethiopianairlines.com) and internet as source of information before choosing Ethiopian Airlines.	390	3.1884	1.13131
I consider advertisings in newspapers and magazines as information source before choosing Ethiopian Airlines.	390	3.2222	1.12728
I consider information and advertisings found in travel catalogues as source before choosing Ethiopian Airlines.	390	2.7585	1.34367
I did not consider any of the information sources mentioned above	390	3.7101	1.06262
Cumulative Mean of Source Factor	390	3.365	0.6837

Source: primary data, 2018

The higher contribution of the item to the construct is the fourth variable that means the passengers did not consider any of the information sources mentioned above with the mean value of 3.71 followed by the passengers consider recommendations from friends and family as information source before choosing passenger airline preference with the mean value of 3.70. Finally, this shows that the value of source of factor is an agreement indicator of the Ethiopian airlines advertising.

4.3.3 Analysis of Passenger Airline Preference

The passengers have different levels of preferences as they have different attitudes and perceived performance from the service. Based on this idea; the researcher tried to measure the level of passenger airline preference and the descriptive statistics analysis of passenger airline preference shows that the level of airline preferences is 3.53, which implies passengers of the Ethiopians airlines were agreed by the Ethiopians airlines service delivery.

Table 4.7: Mean and standard deviation of airline preference

	N	Mean	Std. Dev.
I can easily recognize Ethiopian Airlines advertising which eventually persuades me to prefer the airlines.	390	3.4541	.96370
I prefer Ethiopian Airlines as its advertisings are precisely demonstrate services feature.	390	3.0048	1.22869
I feel that Ethiopian Airlines top management public speeches invite me to consider the airline.	390	3.8406	1.14005
The airline's safety record invites me to prefer Ethiopian Airlines.	390	3.8406	1.14005
Cumulative Mean of passenger airline preference	390	3.5350	0.86514

Source: primary data, 2018

4.4 Discussion of Results

4.4.1 Correlation Analysis

Like the demographic factors, the data from the scale typed questionnaire were fed to the SPSS software version 16.0, to process the correlation analysis. Based on the questionnaire which was filled by the passenger airline preferences, the following correlation analysis was made.

4.4.1.1 Correlation Analysis between Media factor and Passengers' Airline Preference

Pearson correlation test was conducted to know the degree of relationship between the independent variable, which is media factor, and the dependent variable, passenger airline preference. The results of the correlation between these variables are shown in table. As it is indicated in the table there is a significant correlation media factor and airline preference. In other words, media factor and passenger airline preference have relationship ($r = 0.629^{**}$ with $p < 0.01$).

4.4.1.2 Correlation Analysis between Message Factor and Passengers Airline Preference

Pearson correlation test was also conducted for message factor and passenger airline preference and the results are as shown in table. As it can be seen from the table, there is significant positive correlation between message factor and passengers' airline preference. This is to say that message factor and passengers' airline preference are correlated in a relationship ($r = 0.690^{**}$).

4.4.1.3 Correlation Analysis Between Source Factor and Passengers Airline Preference

Pearson correlation test was also conducted for source factor and airline preference and the results are as shown in table. As it can be seen from the table, there is significant positive correlation between source factor and airline preference. This is to say that source factor and passenger airline preference are correlated in a relationship ($r = 0.651^{**}$).

Table 4.8: Correlation Analysis

		Passengers airline preference
Media factor	Pearson Correlation	.629**
	Sig. (2-tailed)	.000
	N	390
Message factor	Pearson Correlation	.690**
	Sig. (2-tailed)	.000
	N	390
Source factor	Pearson Correlation	.651**
	Sig. (2-tailed)	.000
	N	390

Source: primary data, 2018

Assumptions Testing in Multiple Regressions

The basic assumptions should be satisfied in order to maintain data validity and robustness of the regressed result of the research under the multiple regression models. Hence, this study has conducted the assumption tests such as, Multi Colinearity, linearity, and normality.

Multi Collinearity

Multi Collinearity is checked using correlations between the variables in the model. Independent variables show at least some relationship with dependent variable (above 0.3 preferably). In this case all of the scales (Media factor, Message factor, and Source factor) with passengers' airline preference correlate substantially with passengers' airline preference (0.471, 0.468 and 0.526) respectively. As it can be seen from the table this requirement are validated in our results there is issue of Multi Collinearity.

Collinearity diagnostics on the variables as part of the multiple regression procedure is done using tolerance and variance inflation factor (VIF). Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the

model. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multi Collinearity (Pallant, 2010) furthermore, the other value given is the VIF, which is just the inverse of the tolerance value (1 divided by tolerance). According to Pallant, (2010), VIF values above 10 would be a concern, indicating multi Collinearity.

The result shows that the tolerance value for each independent variable is (0.471, 0.468 and 0.526) respectively. Which is not less than 0.10; therefore, multi Collinearity assumption is not violated. This is also supported by the VIF value, which is 1.066, 1.122, 1.136 and 1.003 which is well below the cut-off 10 as shown in the coefficient.

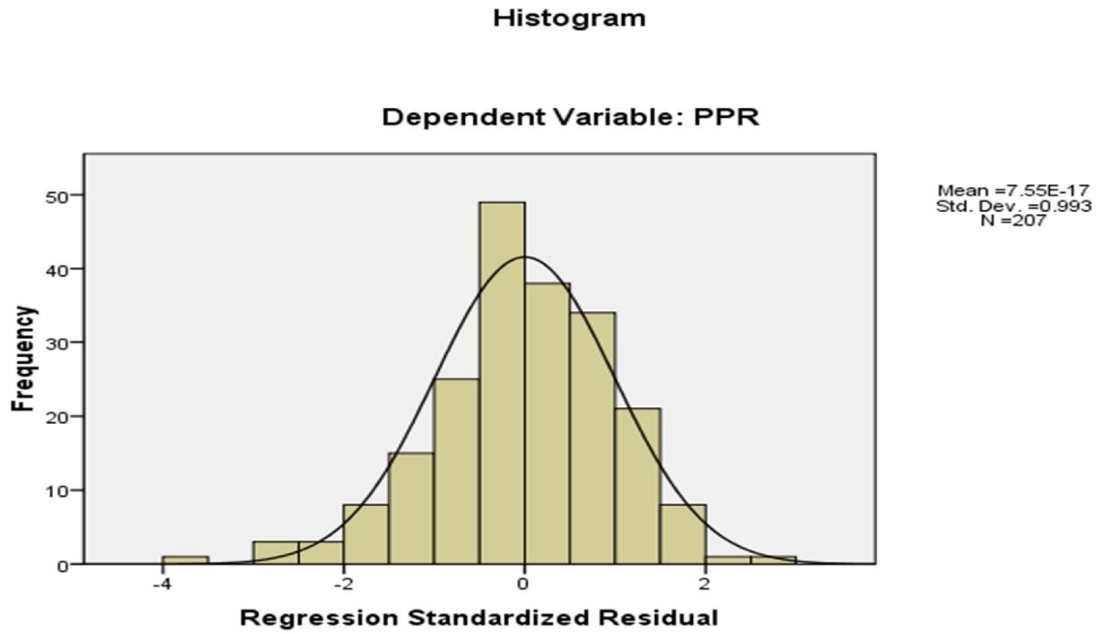
Normality, linearity of residuals: one of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the normal probability plots of the regression standardized residuals that were requested as part of the analysis. These are presented in normal P-P Plots of regression standardized residuals graph. In normal probability plots the points will lie in reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The finding from normal P-P Plot reveals no violation of normality assumptions.

Test of Normality Advertising Variables

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and numerically using Skewness and Kurtosis.

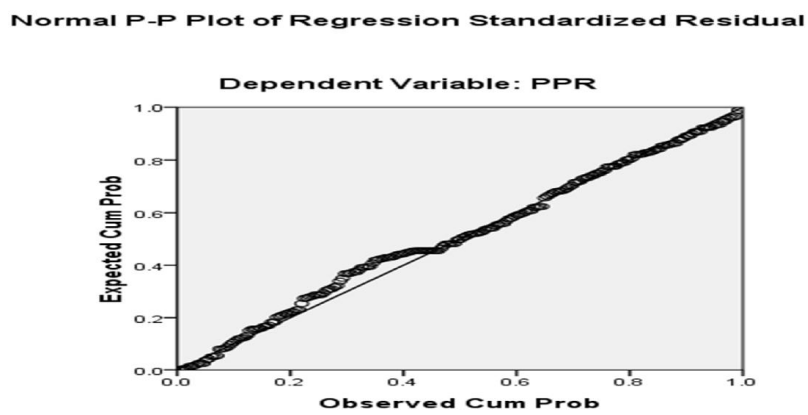
According to Jullie P. (2005) one of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the Normal Probability Plot of the regression standardized residuals that were requested as part of the analysis. These are presented at the end of the output.

Figure 2: Histogram of normally distributed advertising variables



As shown on table 3 below the advertising variables are normally distributed

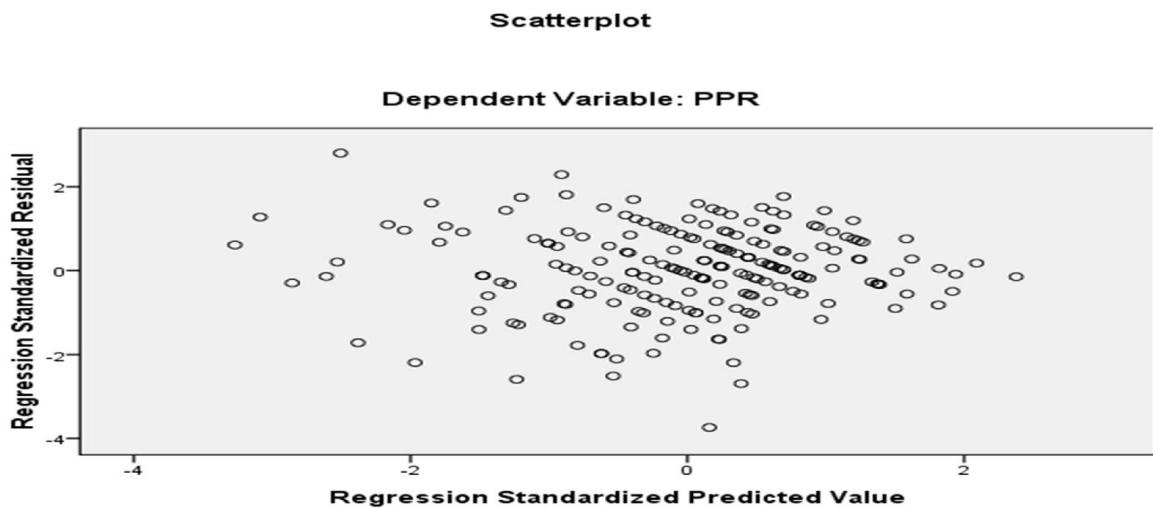
Figure 3: Normal P-P plot of Advertising variables



In the Normal Probability Plot it will be hoped that points will linearly reason ably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-PP lot of regression Standardized Residual (SeeFigure1) to test linearity. Since the points were symmetrically distributed around a diagonal line, linearity pattern was observed. Hence, the straight line relationship between there siduals and the predicted dependent variables cores depicted that linearity was achieved.

Figure 4 below shows the message factor, source factor and advertising variables are linear relationship

Figure 4: Scatter plot of advertising variables



4.4.2 Multiple Regression Analysis

Multiple regression analysis was employed to examine the effect of advertising on passenger airline preference. Multiple regression analysis was chosen as it helps to predict the linear relationship of a dependent variable and one or more independent variables.

Table 4.9: Advertising Variable Regression coefficient analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.172	.230		-.749	.455		
Media factor	.220	.078	.188	2.809	.005	.471	1.122
Message factor	.465	.084	.375	5.571	.000	.468	1.136
Source factor	.373	.080	.295	4.643	.000	.526	1.003

Source: primary data, 2018

Hypothesis Testing

H1: Media source has effect on passenger airline preference.

The result of multiple regressions, as presented in table above, revealed that media source has a positive and significant effect on passenger airline preference with a beta value (beta =.188), at 99% confidence level ($p < 0.01$). This implies that, if media source increases by 1 percent, passenger airline preference will increase by .188. Therefore, the researcher accepted that, media source has a positive and significant effect on passenger airline preference.

H1: Message factor has effect on passenger airline preference.

The result of multiple regressions, as presented in table above, revealed that message factor has a positive and significant effect on passenger airline preference with a beta value (beta =.375), at 99% confidence level ($p < 0.01$). This implies that, if message factor increases by 1 percent, passenger airline preference will increase by .375. Therefore, the researcher accepted that, message factor has a positive and significant effect on passenger airline preference.

H1: Source factor has effect on passenger airline preference.

The result of multiple regressions, as presented in table above, revealed that passenger airline preference has a positive and significant effect on source factor with a beta value (beta =.295), at

99% confidence level ($p < 0.01$). This implies that, if passenger airline preference increases by 1 percent, source factor will increase by .295. Therefore, the researcher accepted that, passenger airline preference has a positive and significant effect on source factor.

Table 4.10: ANOVA analysis of Advertising Variables

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.782	3	29.261	89.455	.000 ^a
	Residual	66.401	203	.327		
	Total	154.184	206			

Source: primary data, 2018

Pallant 2001 explains that in order to examine the statistical significance of the result, ANOVA should be considered. The above table revealed that there is a statistical significance relationship between advertising and dimensions of passenger airline preference ($p = 0.000$). This implies that providing advertising has a great effect on passenger airline preference and advertising should ensure the provision of an improved and consistent advertising to attract passenger airline preference.

Table 4.11: Model summary analysis

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.755 ^a	.569	.563	.57193	.569	89.455	3	203	.000

Source: primary data, 2018

In overall, the results revealed that all independent variables accounted for 56.9%, of the variance in passenger airline preference ($R^2 = 0.569$). Thus, 56.9% of the variation in passenger airline preference can be explained by the three advertising and other uncultivated factors may limit passenger airline preference which accounts for about 43.1%.

Table 4.12: Summary of Hypothesis Testing Results

Hypothesis	Test Result/Relation
Media factor has effect on passenger airline preference.	Supported/Positive
Message factor has effect on passenger airline preference.	Supported /Positive
Source of factor has effect on passenger airline preference.	Supported /Positive

Source: primary data, 2017

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter deals with summary of major finding, conclusions and recommendations. The main purpose of the study was to evaluate the effects of advertising on passenger airline preference. To achieve the objective of the study, relevant literature was reviewed and quantitative data were collected through questionnaire filled by passengers. The data collected through questionnaire were presented, analyzed, interpreted and discussed using statistical package for social science (SPSS 16.0) version. Thus, based on the analysis the following findings were written, conclusions drawn, and recommendations forwarded for the Ethiopian airlines practitioners.

5.1 Summary of Findings

Primary data was gathered by using structured questionnaire. A total of 390 structured questionnaires were distributed to Ethiopian airline passengers through simple random sampling techniques. Quantitative descriptions were applied on the data gathered to analyze the information obtained. By undertaking a detailed analysis of the situation, the following findings were obtained.

- The finding of this study indicates that most of passengers were agreed with the media factor with the cumulative of a mean values and standard deviation (3.461 and .739), message factor scored with (3.62 and .697), source of factorscored with(3.365 and 0.683) and passenger airline preference has scored (3.53 and 0.865)consecutively.
- The correlation result show that there is positive and significant relationship between media factor and passenger airline preference (0.629** and $P<0.01$), message factor and passenger airline preference (0.690** and $P<0.01$), and source of factor and passenger airline preference (0.652** and $P<0.01$). The finding further indicates that the highest relationship is found between message factor and passenger airline preference (0.690** and $P<0.01$) and the lowest relationship exists between media factor and passenger airline preference (0.629** and $P<0.01$).

- In overall, the results revealed that all independent variables accounted for 58.4% of the variance in passengers airline preference ($R^2 = 0.569$). Thus, 56.9% of the variation in passenger airline preference can be explained by the three dimensions and other unexplored factors may limit passenger airline preference which accounts for about 43.1%.
- Moreover, from the findings of this study, researcher found out that all of the advertising dimensions have positive effects on passenger airline preference. The results of this study further indicate that advertising have positive and significant effect on passenger airline preference and this is the most important factor to have a positive and significant effect on passenger airline preference.

5.2 Conclusions

- ✓ The purpose of this study was to analyze the effect of advertising on passenger airline preference and the factors that make passenger to respond to advertising in the Ethiopia Airlines. Following the findings of the study, several conclusions could be made. Effective and continuous advertising is one of the most important functions of any successful business. It is imperative that the products or service of any business received the proper exposure, and the way to achieve exposure is through advertising. Advertising is the means by which goods or services are promoted to the public. The advertiser's goal is to increase sales of these goods or services by drawing people's attention to them and showing them in a favorable light. The mission of advertiser is to reach prospective customers and influence their awareness, attitudes and buying behavior.
- ✓ First of all this research found three variables which had direct effects on passenger airline preference, namely media, message, and source factors. As the result, this study also recommended suggestions to improve passenger airline preference.
- The advertising dimensions have a positive and significant relationship with that of passenger's' airline preference. The finding further indicates that the highest relationship is found between message factor and passengers' airline preference and the lowest relationship found between media factor and passengers airline preferences. Therefore, the advertising dimension and passengers airline preferences has positive and statistically significant relationship in Ethiopian Airline.

- Moreover, the multiple regression result further shows that, researcher found out that all of the advertising dimensions have positive effects on passengers' airline preference. Out of the three dimensions of advertising (media factor, message factor, and source of factor) have positive and significant effects on passengers' airline preference.
- Perceptions about the Ethiopian Airlines, color of the logo layout, the brand name were the imperative factors that motivated passengers' airline preference to respond to the advertising. Perception was developed by passengers' attitudes and beliefs that had already retained through repeated advertising got about the benefits the product or service would give them that might be able to motivate and move closer to make preference decisions.

5.3 Recommendations

- ✓ It can be seen from the study that, advertising does have effect on the passengers' airline preference and it is a must for Ethiopian Airline to continue advertising on their products if they require maximum sales. Also, we found out that, though advertising does influence the passenger airline preference, other factors like income and others' recommendation do play a role in one's passengers' airline preference.
- ✓ Ethiopian airlines media should be integrated with the existing marketing communication tools and aligned with the existing advertising strategy.
- ✓ Ethiopian airlines should not create contents and simply push as in the case of the traditional one rather should learn how to engage and converse as the literature advocates. Therefore, this may require adequate training and knowledge on the subject.
- ✓ Ethiopian airlines need to have an advertising strategy and has to use harmonious voices across the platforms.
- ✓ To fully benefit from advertising the Ethiopian Airlines should give attention to advertising tools to be able to manage effectively.
- ✓ The Ethiopian Airlines should deliver the advertising message through mass media not only with the determined of informing a target market about the benefits offered by a new product or innovation but also persuasive messages that emphasize the merits of their services, and

that promote brand recall and brand identity. The adverts theme should be more persuasive, since there are more competitors on the ground more efforts should be made to make sure that the passengers well aware of the advertising and are satisfied with their products/services.

5.4 Recommendations for Future Research

- ✓ This research is conducted through Ethiopian Airlines; therefore, generalize this result, it is necessary for future researcher to do this research by using other sectors like brewery. In addition, there is a need to conduct research regarding advertising and find their effect on the passenger airline preference in Ethiopia.
- ✓ The study focused only on the effect of advertising on passenger airline preference with the views of passengers especially which type of advertising have more effect on their preference. So, future researchers can include the effect in terms of revenue generated due to media ads and the views of the Ethiopian Airlines.

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APPENDIX
ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

Dear Respondents

First of all my sincere gratitude goes to you. I am working on my thesis for Masters of Marketing Management at the Addis Ababa University and the title of my research is: **“Effects of advertising on passenger airline preference: The case of Ethiopian Airlines”**. I am conducting this research as partial fulfillment of the Masters of Marketing Management of the Addis Ababa University.

Thank You in Advance for Your Cooperation

Direction

- ✓ There is no need to write your name or other identity
- ✓ Your response will be kept confidential and will be used only for academic purpose

General Instruction

Please respond to the item in the questionnaire by putting a tick mark (✓) inside the box.

PART ONE: DEMOGRAPHIC VARIABLE

1).Gender:

Male Female

2).Age:

18 –30

46 - 60

31 -45

61 and above

3).Educational level:

No education

College Diploma

Primary education

First Degree

Secondary education

Graduate and post graduate

4).What is your primary reason for air travel?

Business

Leisure (vacation, visiting friends and families etc.)

5).How often do you travel by air?

Several times per month

Once a month

Once every six month

Once a year

Other _____

PART TWO: REASERCH RELATED VARIABLES

Please indicate your level of agreement (whether you agree or disagree) with each statement using the scale below as a guide: put (√) on your selection. **1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree**

No.	Dimensions Media Factor	Strongly disagree	disagree	Neutral	Agree	Strongly agree
1	I come across with Ethiopian Airlines media advertisement frequently.					
2	Ethiopian Airlines advertise more on media than other carriers.					
3	The most interesting Ethiopian Airlines advertising is those on internet and social media.					
4	Ethiopian Airlines advertising which interests me the most is on the television.					
5	Ethiopian Airlines advertising which interests me the most is on the print publication.					
6	Ethiopian Airlines media selections properly meet its target audience.					
	Message Factor					
7	Ethiopian Airlines advertising message is understandable.					
8	Ethiopian Airlines advertising message is relevant to me.					
9	Ethiopian Airlines benefits described in the advertising are reliable to me.					
10	The advertising message of Ethiopian Airlines is attractive.					
11	The advertising message of Ethiopian Airlines is truthful.					
12	The advertising message of the Ethiopian Airlines is creative.					
	Source Factor					
13	The airline's new destination opening advertisements entice me					

	to prefer Ethiopian Airlines.					
14	The hospitality of the cabin crew invites me to prefer Ethiopian Airlines.					
15	I consider recommendations from friends and family as information source before choosing Ethiopian Airlines.					
16	I consider personal experience from previous flights as information source for choosing Ethiopian Airlines.					
17	I consider website (www.ethiopianairlines.com) and internet as source of information before choosing Ethiopian Airlines.					
18	I consider advertisements in newspapers and magazines as information source before choosing Ethiopian Airlines.					
19	I consider information and advertisements found in travel catalogues as source before choosing Ethiopian Airlines.					
20	I did not consider any of the information sources mentioned above.					
	Airline Preference					
21	I can easily recognize Ethiopian Airlines advertisement which eventually persuades me to prefer the airlines.					
22	I prefer Ethiopian Airlines as its advertisements are precisely demonstrate services feature.					
23	I feel that Ethiopian Airlines top management public speeches invite me to consider the airline.					
24	The airline's safety record invites me to prefer Ethiopian Airlines.					