

## **Purchase Intention of Islamic Brand Product among Non-Muslim Customers**

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### **ABSTRACT**

Nowadays, majority of Muslim customers demand *halal* products due to increasing awareness. There is also a high demand for *halal* products from non-Muslim countries. Due to these reasons, manufacturers need to understand Islamic branding in order to penetrate Muslim market. However, there is lack of study about Islamic branding from the non-Muslim perspective and the emergence of unethical issues on Islamic branding involving non-Muslim producers. Therefore, this research was conducted among non-Muslim customers to ascertain the relationship between customer perception and customer loyalty towards customers' purchase intention. A set of questionnaires was administered to 201 non-Muslim employees of multiple international companies in Malaysia. Data was obtained through structured questionnaires. It was divided into three sections with statements measuring customer perception, customer loyalty and purchase intention. Results indicate that customer perceptions have a significant relationship with purchase intention of Islamic branding. This research concludes with several suggestions for marketing strategies which focus on Islamic branding.

*Keywords:* Customer loyalty, *halal* products, Islamic branding, perception, purchase intention

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### **INTRODUCTION**

Hygiene and safety have been touted as the biggest benefits of consuming *halal* products. Thomson Reuters and Dinar Standard 'State of the Islamic Economy' estimated that the global *halal* industry is currently valued at US\$2.3 trillion (Wilson, 2014). The growth in the demand for *halal* products are also spilling over to non-Muslim consumers, especially in *halal* food

sector, Islamic finance, Islamic products and services such as cosmetics, real estates, hotels, fashion and insurance, the value of which is estimated at nearly US\$1.5 trillion a year (Alserhan, 2010).

A *halal* product is associated with the concepts of cleanliness, purity and kindness (Alserhan, 2010). Furthermore, most non-Muslims consume *halal* products for health reasons. (Haque, Sarwar, Yasmin, & Kumar, 2015). Based on the *halal* ruling, all processes from farm to production and delivering to customers are done hygienically (Abdullah, 2007).

Awan, Siddiquei and Haider (2015) discovered that most of customers in major cities of Pakistan rely on *halal* marketing, personal and societal perception and *halal* certifications before making purchase decisions of food products. However, for Non-Muslims, religious belief is the least important factor when making a purchase decision of *halal* food. Haque et al. (2015) further claimed that the perception of non-Muslim consumers about *halal* food products is influenced by their attitude, subjective norm and perceived behavioural control, specifically in the context of Malaysia.

In addition, *halal* accreditation meets many conventional quality standards, such as ISO, Hazard Analysis and Critical Control Point and Good Hygienic Practice (Rezai, Mohamed, & Shamsudin, 2012). By meeting *halal* requirements, manufacturers will produce better quality products.

There are many studies related to *halal* purchase intention (Alam & Sayuti, 2011;

Lada, Tanakinjal, & Amin, 2009; Mukhtar & Butt, 2012), but only a few focused on non-Muslims (Rezai et al., 2012; Haque et al., 2015). Therefore, this study attempts to identify the relationship between customer perception and loyalty in determining purchase intention among non-Muslims customers. The results of this study will assist manufacturers and marketers in taking necessary actions to serve their customers better as well as coming up with well-planned marketing campaign for their non-Muslim market. The paper begins with a discussion of relevant studies in this area before proposing a conceptual framework. The methodology used to guide the research is briefly reviewed before presenting the results and managerial implications.

## LITERATURE REVIEW

This section provides a discussion on studies related to the topic. It will begin with the discussion on Islamic branding, purchase intention, customer perception and customer loyalty.

### Islamic Branding

Branding is a marketing strategy to create a unique name and image for certain products in a customer's mind. Noor (2010) states that Islamic branding is friendly or compliant with *Sharia*' principles. According to Alserhan (2010), Islamic branding consists of brands that are *Sharia*'-compliant or *halal*, originate from Islamic countries and targets Muslim consumers. Thus, the term of Islamic branding and *halal* means

the same whereby *halal* means something which is sanctioned by Islamic law (Rezai et al., 2012).

However, there are arguments on Islamic branding or the definition of *halal*. For example, wines produced in Tunisia, Turkey and Egypt can be concluded by certain people as *halal* and Islamic when the term is used to describe products originating from Islamic countries. Therefore, Alserhan (2010) provided a clear understanding of Islamic branding regarding the issue. Yusof and Jusoh (2014) found most of consumers agreed that Islamic branding is defined as a product or service that is *Sharia*'-compliant which requires any parties that are involved in *halal* accreditations to implement strict procedures before issuing *halal* certification (Rezai et al., 2012).

Brand represents consumer perception and sentiment toward product and service. Aziz and Chok (2013) suggest that brand is an important determinant for *halal* purchase intention. Studies on Islamic branding have been conducted in various contexts such as the banking sector (Ahmad, 2016; Jalil & Rahman, 2014; Kishada & Wahab, 2013; Muhamad & Alwi, 2015), education (Mourad & Karanshaw, 2013), manufacturing and plantation (Yusof & Jusoh, 2014) as well as food industry (Aziz & Chok, 2013). Hence, there is a huge demand for Islamic brand or *halal*, which is powered by a huge Islamic market, in addition to a growing number of multinational companies competing to capture both Muslim and non-Muslim markets (Alserhan, 2010).

## Purchase Intention

Purchase intention is defined as “the possibility that consumers will plan or be willing to purchase a certain product or service in the future” (Wu, Yeh, & Hsiao, 2011). According to Dodds, Monroe and Grewal (1991), purchase intention is an attempt to purchase a product or service. Purchase intention has been widely used in the literature as a predictor of subsequent purchase and the concept was found to be strongly correlated with actual behaviour (Fishbein & Ajzen, 1975).

To understand various factors that contribute to purchase intention, Theory of Reasoned Action (TRA) is commonly used to explain behaviours, such as action, attitude or manner that an individual engages in or possesses (Rahman, Asrarhaghghi, & Rahman, 2015). The TRA was developed to better understand the relationships among attitudes, intentions and behaviour (Fishbein, 1967). Mukhtar and Butt (2012) stated that TRA is the most relevant theoretical model in the context of *halal* products. For instance, Amin (2013) extended the use of TRA within the context of *halal* service to examine customer preference towards Islamic credit cards. In addition, Rahman (2015) discovered that there is a positive relationship between attitude and intention to purchase cosmetics and food products using TRA.

Several studies on purchase intention have pointed to different factors that affect such behaviour. Aziz and Chok (2013) discovered that *halal* awareness, *halal* certification and brand were positively

related to purchase intention of *halal* products. In contrast, the *halal* awareness variable did not support intention to purchase as shown by Awan et al. (2015) findings. They further point out that personal societal perception, *halal* marketing, *halal* certification and belief influence purchase intention of *halal* products. Moreover, an intention to purchase *halal* product is also driven by high-involvement behaviour traits for *halal*-conscious consumers who are risk averse (Wilson, 2011).

Several studies focused on purchase intention in manufacturing and services industries such as food-related aspect (Awan et al., 2015; Aziz & Chok, 2013), cosmetics and personal care products (Rahman et al., 2015), and banking industry (Amin, 2013). There are many perspectives on purchase intention towards *halal* products and services.

### **Customer Perception**

Consumer usage and buying of any product are based on their perception about the product. Perception is formed through various marketing endeavours. Increasing the marketing effort may lead to customer attention and positive impression of the firm's product. Perception is how people analyse and interpret stimuli (Sitter, 2005).

Customer perception is the customer's thought and awareness about a company's products or service. Branding is used by the marketers to form a good perception about the brand to the customers. Brand image helps create the value and identity for the customers (Rayburn & Voss, 2013). On the

other hand, perceived quality represents a consumer's judgment about the brand's overall superiority and/or excellence. The superiority of products or services offered by companies or brands will mostly depend on consumer perception of the quality that may result in repetitive buying behaviour of loyal consumers (Das, 2014).

### **Customer Loyalty**

Customer loyalty can be identified as a deep commitment to continuously buying a product or services in the future regardless of any other marketing efforts that were targeted at switching customer intention (Yim, David, & Chan, 2008). According to Choi and Chou (2001) there is a significant positive relationship between customer satisfaction and customer loyalty. This relationship is further strengthened as customers get "tremendously satisfied" or "delighted". Customer loyalty is used to describe the behavior of repeat customers, as well as those that offer good ratings, reviews, or testimonials (Kumar & Advani, 2009). Customer loyalty can also be defined as the loyalty shown by the customer towards a product or service that was offered to them by a company. There are many ways customers show their loyalty. For example, one attitude shown by a loyal customer is repeat purchase. Thus, loyalty can be identified as the customer's tendency to repurchase from the same companies (Edvardsson, Johnson, Gustafsson, & Strandvik, 2000).

A loyal customer is good for businesses to develop customer retention towards the

company's products or services offered rather than choosing any other brands. Loyal customers can be defined as customers that have favourable attitudes toward an organisation which will influence them to recommend its product or services to other consumers and display repurchase behaviour (Dimitriades, 2006).

According to Iddrisu (2011), loyalty is developed over a period of time from a consistent record of meetings, and sometimes even exceeding customer expectations. Customer loyalty can therefore be achieved in some cases by offering a quality product with a firm guarantee or through free offers, coupons, low interest rates on financing, high value trade-ins, extended warranties, rebates, and other rewards and incentive programmes to develop happy customers who will return to purchase again and persuade others to use that company's products or services. In this study, customer loyalty is used to examine the relationship towards purchase intention among non-Muslim customers.

## METHODS

This is a cross sectional study using a set of questionnaires adapted from several studies. Purchase intention variable was adopted from Shaari and Mohd Arifin (2009), customer perception measurement was adopted from Jalil and Rahman (2014), and customer loyalty was adopted from Kishada and Wahab (2013). There are several sections in the questionnaire. Section A is on respondents' demographic information, Section B is on the purchase intention,

Section C is on customer perception and Section D is on customer loyalty. There are 18 items in the questionnaire. The respondents are non-Muslim employees of international companies. The sample size is 201.

## RESULTS AND DISCUSSION

The study was conducted in 2016 at several multiple international companies in Kuala Lumpur. Majority (55.7%) of the respondents were female and most (34.8%) were between 31 and 40 years old and held a degree (49.8%). The respondents' demographics are shown in Table 1.

Table 1  
*Demographics of respondents*

Characteristics	Percentage (n = 201)
<b>Gender</b>	
Male	44.3
Female	55.7
<b>Age</b>	
Below 21	4.5
21-30	33.8
31-40	34.8
41-50	20.4
51-60	6.5
<b>Education/Qualification</b>	
SPM	2.5
STPM	0.5
Diploma	30.3
Degree	49.8
Master	41.4

A Cronbach alpha test shows a range of 0.7-0.8 which indicates that the instrument is appropriate for use (Sekaran, 2011). The mean value for all dimensions shows that most respondents agree with the statements

in the questionnaire. Table 2 shows the Cronbach alpha value, mean and standard deviation of the variables used in this study.

In order to achieve the objectives of this study, first, data was analysed using Pearson Correlations. Table 3 depicts a strong relationship between customer perception and customer purchase intention with  $r=0.764$  at 99% significant level. Similarly, the relationship between customer loyalty and customer purchase intention also shows a strong significant relationship ( $r=0.649$ ,  $p=0.01$ ).

A multiple regression test was conducted to understand the factors that affect customer purchase intention among non-Muslim consumers. The result shows the adjusted  $r^2$  is 0.644, with a different weighting of standard coefficient. Among the variables, customer perception is significant, with a standard coefficient of 1.238. Therefore,

in this model, only customer perception explains the purchasing intention of the *Islamic* brand or *halal* product. This finding is consistent with that of Rezai et al. (2012) on non-Muslim understanding that *halal* products are healthier and safer.

Customer loyalty may increase business revenue and total customer market share (Luo, Chen, Chin, & Liu, 2011). Sometimes purchase intention is used to describe customer loyalty (Juhl, Kristensen, & Ostergaard, 2002) which is supported by Aghaei, Asadollahi, Tonekaboni, Tajasom and Abbasi (2013), and Das (2014). However, this study found no significant relationship between customer loyalty and purchase intention. The respondents in this study consist of non-Muslims that normally consume both *halal* and non-*halal* products. Thus, they are not selective in purchasing goods.

Table 2  
Reliability coefficients and mean value for major variables

Variables	No. of items	Cronbach alpha	Mean	Std. deviation
Purchase intention	6	0.865	3.0448	0.88833
Customer perception	6	0.778	2.9444	0.98072
Customer loyalty	6	0.727	2.7396	0.69181

Notes: All items used 5 Likert scale (with 1 = strongly disagree and 5 = strongly agree)

Table 3  
Inter-correlation of variables

	Customer Purchase Intention	Customer perception	Customer loyalty
Customer Purchase Intention	1.000		
Customer perception	0.764**	1.000	
Customer loyalty	0.666**	0.739**	1.000

\* $p < 0.05$ ; \*\* $p < 0.01$

Table 4  
Multiple regression result

Variables	$\beta$	t-value	Sig.
Customer perception	1.238	8.100	0.000
Customer loyalty	0.107	1.580	0.116
** $p < 0.01$			
F value			
$r^2$	0.644		
Adjusted $r^2$	0.639		

## CONCLUSION

The findings of this study support those of earlier studies on customer perception which has a significant impact on customer purchase intention towards *halal* products. However, in terms of customer loyalty, the finding was contradictory where in this study the former does not determine purchase intention among non-Muslim customers. This is because non-Muslims are consuming both *halal* and non – *halal* product. Hence, they are not concerned with the type of product.

The findings of this study will help marketers improve their branding strategies in their distribution and communication efforts which target the growing *halal* food market segment among non-Muslims. Dissemination of information is important to ensure non-Muslims have a better understanding of *halal* principles. This study, however, has certain limitations. The sample size was small and future studies should focus on providing perspectives and educate people on Islamic branding or *halal* products which comply with the Sharia' law to benefit everyone, especially since only a few studies focus on halal issues among non-Muslims.

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