FACTORS AFFECTING THE PURCHASE INTENTION OF HALAL COSMETICS: A STUDY OF MUSLIM FEMALES LIVING IN MALAYSIA

BY

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ABSTRACT

The Muslim population is increasing globally and with it the awareness of consuming Halal. Halal now extends to areas other than food, such as cosmetics, personal care products, toiletries, fragrance, and skincare products. In Malaysia, the demand for Halal cosmetics is increasing rapidly due to the high quality of the products. The Halal cosmetics industry is a major growing sector for the Halal industries. As a Muslim country, Malaysia is a pioneer in creating standards as rules and guidelines for Halal cosmetics and personal care products through Malaysian Department of Islamic Development (JAKIM). The main objective of this research is to examine the factors influencing consumers' intention to purchase Halal cosmetics in Malaysia especially by Muslim females by using the partial theory of planned behaviour. The research investigates four factors that affect the intention to purchase Halal cosmetics in Malaysia which are attitude, subjective norm, perceived behavioural control and religious beliefs. A self-administered questionnaire was distributed to 300 respondents in Klan Valley, Malaysia. The data collected was analysed using the SPSS software. The internal consistency reliability test of Cronbach's alpha indicated that all scale items were proven very reliable. Correlation and multiple regression were used to examine the relationship between independent variables and the dependent variable. The results revealed significant relationships between the three factors and intention to purchase Halal cosmetics. Attitude, subjective norm and religious beliefs have a significant impact on Muslim females' intention to purchase Halal cosmetics, and subjective norms are the most important factor in affecting customers' intention. The findings of this study have implications for marketers, as they provide a detailed and comprehensive understanding of Muslim consumers by considering religious beliefs as an indicator of consumer behaviour. The research also offers the Malaysian Halal cosmetic industry a better understanding of the consumer behaviour towards Halal cosmetics, especially among Muslim females.

مُلخّص البحث

مع ازدياد السكان في العالم الاسلامي، الوعي لاستهلاك المنتجات الحلال يأخذ منحنى مرتفع ايضا. تطور مفهوم المنتجات الحلال ليشمل اصناف اخرى غير المواد الغذائية، كمستحضرات التجميل، ومنتجات العناية الشخصية، مواد التجميل، العطور، ومنتجات العناية بالبشرة. لذى يشهد الطلب على هذه المنتجات تطورا ملحوظا نظرا للجودة العالية التي تمتاز بها هذه المنتجات. وبالتالي، ليس من المستغرب ان صناعة مستحضرات التجميل الحلال يكون القطاع الناشئ الجديد للصناعات الحلال في ماليزيا. هذه المنتجات تخضع للرقابة والتصنيف من قبل إدارة التنمية الإسلامية الماليزية حيث وضعت معايير بمثابة مبادئ توجيهية لهذه المنتجات. لذلك، فإن الهدف الرئيسي من هذا البحث هو دراسة العوامل التي تؤثر على نية العميل لشراء مستحضرات التجميل الحلال في ماليزيا خاصة من قبل الإناث المسلمين من خلال تطبيق نظرية السلوك المخطط . تتناول هذه الدراسة التحقيق في أربعة عوامل تؤثر على نية شراء مستحضرات التجميل الحلال في ماليزيا والتي هي الموقف لشراء المنتجات الحلال، معيار شخصي، السيطرة السلوكية المحسوسة، والمعتقدات الدينية، واستند الإطار المفاهيمي على نظرية السلوك المخطط. وقد تم جمع البيانات من خلال توزيع 289 استبيان منظم للاناث المسلمات في منطقة كلانج فالي كوالالمبور. وأشار اختبار الموثوقية الداخلي كرونباخ ألفا أن جميع البنود أثبتت درجة موثوقية عالية. اما اختباري الارتباط والانحدار المتعدد لدراسة العلاقة بين المتغيرات المستقلة والمتغير التابع أظهرت النتائج أن هناك علاقات إيجابية بين ثلاثة عوامل ونية الشراء لمستحضرات التجميل الحلال. وقد وجد أن الموقف، المعايير الشخصية والمعتقدات الدينية لها تأثير كبير على نية الإناث في شراء مستحضرات التجميل الحلال. كما خلصت المعطيات أن المعيار الشخصي هو العامل الأكثر أهمية في التأثير على نية العملاء لشراء مستحضرات التجميل الحلال. النتائج لها آثار للمنتجين لأنها توفر كيفية فهم المستهلكين المسلمين بطريقة أكثر شمولية، من خلال الاخذ بعين الاعتبار العامل الديني باعتباره مؤشرا متنبئا لسلوك المستهلك. كما انها ستوفرفهما اوسع لسلوك المستهلك في السوق الماليزية خاصة بين الاناث المسلمات.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

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Muhammad Tahir Jan
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I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Amel Malki

Signature…………………. Date …..................

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

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FACTORS AFFECTING THE PURCHASE INTENTION OF HALAL COSMETICS: A STUDY OF MUSLIM FEMALES LIVING IN MALAYSIA

This dissertation is dedicated to my parents, my brothers and sisters, my husband and

the friends who supported me in this journey of study.

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All praises and thanks are to ALLAH rabb of 'Alamin (mankind, jinns and all that exists). We will not be able to enumerate the favours of ALLAH on us as ALLAH said in the Quran. Therefore, I cannot enumerate ALLAH's praises as He praised Himself.

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LIST OF ABBREVIATIONS

AMOS	Analysis of Moment Structure
ASV	Average Shared Variance
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CR	Critical Ratio
EFA	Exploratory Factor Analysis
EFA	Exploratory Factor Analysis
FMI	Future Market Insights
GFI	Goodness of Fit Index
GMO	Genetically Modified Organism
HDC	*Halal* Development Corporation
JAKIM	Jabatan Kemajuan Islam Malaysia
KMO	Kaiser-Meyer-Olkin
ML	Maximum Likelihood
MOSTI	Ministry of Science, Technology and Innovation
MSV	Multiple Shared Variance
MYR	Malaysian Ringgit
NFI	Normed Fit Index
PBC	Perceived Behavioural Control
PCC	Pearson Correlation Coefficient
RMSEA	Root Mean Square Error of Approximation
SEM	Structural Equation Modeling
SPSS	Statistical Analysis Software Package
SPSS	Statistical Package for Social Sciences
TLI	Tucker-Lewis Index
TPB	Theory of Planned Behaviour
US	United States

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF STUDY

The cosmetic industry in Malaysia has experienced significant growth in the recent years. According to the U.S. Commercial Service Hong Kong (2013), the spending in cosmetics and toiletries in 2013 has totaled $407 million. Heavy marketing, advertising, and the growing economy and prosperity have increased the females' interest in premium brands hence an increase in spending in this sector. The market value of the current local Malaysian cosmetics and toiletries is more than MYR 3 billion, with a 13% annual growth rate (U.S. Commercial Service Hong Kong, 2013). This shows the lucrativeness of the cosmetic industry which is progressively attracting more studies to be done on the competitive environment and marketing potential of the industry hence more and more research has to be done in areas like the factors that affect the purchase behaviour of cosmetic products in Malaysia.

Malaysia is termed as a Muslim country because 60% of the country's population are Muslims. Hence the preferences are made for high quality, healthy and Shariah compliant products by the citizens who have increased the demand for such products (Mahathir, 2010). Malaysians perceive that respect is gained when one looks clean and tidy in the public. This requires thatnot only are the person's clothing be clean and tidy but also the use of *Halal* cosmetics products for the different parts of the body. This means that, apart from wearing nice and decent clothes, the adornments applied to the body must also be *Halal*. Cosmetics and personal care products refer to the products that can help us to improve our appearance. Certainly, females use cosmetics which include shopping lipstick, eye shadow and mascara, while the shampoo, soap and

deodorant are considered personal care products. Cosmetics are vital to how most females feel about their daily life. Cosmetics are consumed more by females than males (Norudin, 2005) as the target market of the cosmetic manufacturers is females (Kumar, 2006).

Thus, a serious challengeis imposed by the issue of *Halal* products in cosmetics. The need for *Halal* products is to provide the Ummah with a peace of mind while purchasing these products (Hamid, 2006). Putting *Halal* certification and labels to cosmetic products requires approval from JAKIM. Malaysia is determined to set the standard for *Halal* products in accordance with the Islamic principles. JAKIM seeks to assure consumers on the credibility of the *Halal* logo for cosmetics too.

The major issue remains how to capture the female Muslims in Malaysia since they are the major target consumers of the majority of cosmetic companies as well as, the factors influencing their decision to purchase the *Halal* cosmetic products. Previous studies in major Muslim markets like Saudi Arabia, Pakistan, Malaysia and Egypt have shown similarities in the behaviour of consumers in regards to how beliefs and values influence consumption (Hussain, 2010). In regards to individual Muslims who have been spiritually raised, all their actions are similar since all the actions are considered either pleasing or displeasing to Allah and which makes every Muslim conscious of what they consume (Baker, 2010).

The interest of researchers and practitioners is to study the variation in consumers' opinions regarding *Halal* cosmetic products in a given industry and demographic area so as to design the best and most efficient marketing strategies to target specific groups or locations, to position them in the market as well as devising the strategies to differentiate these products from competitors. This makes it worthwhile

to study the factors influencing the Muslim females' purchase behaviour regarding *Halal* cosmetic products.

In regards to business and marketing, it is important to look for the differences in perception, buying behaviour and the attitude of the consumers towards a given product. Additionally, the world has seen the rapid emergence and growth of the *Halal* cosmetics industry. More importantly, the industry need marketers to know about their target consumers in the specific different markets so as to apply the most appropriate marketing strategies to attract them to purchase these products.

1.2 STATEMENT OF THE PROBLEM

The *Halal* industry has developed from concentrating on food to various other industries covering a wider area of lifestyle, and driving demands in other non-food sectors such as cosmetics and personal care products, toiletries, Islamic finances, and tourism (Hanzee & Ramezanee, 2011). However, until now, there is a high dominance of the cosmetic mainstream industry by the non-Muslim nation producers hence monopolising the whole industry, which cast doubt on the Halalness of its content. Various cosmetics contain alcohols use alcohols as an ingredient that helps to enhance the ingredients reaction to the skin, cleansing agents or emollients. Similarly, pork is the source of some of the gelatine and the fatty acids contained in the products like lipsticks, moisturisers, face masks and shampoos (The Chemical Engineering, 2010).

Also, according to Butt (2012), the pharmaceutical and cosmetic sector has been scrutinised by Muslim leaders for suspected use of enzymes extracted from pork meat or alcohol by many international brands as a preservative, which led to a lot of cynicism by Muslim consumers towards these brands. Thus, is the reason why Muslim consumers' search for *Halal* cosmetic products is increasing.With the increasing

Muslim population worldwide it is noticed that high level of education, high paid jobs and high job positions among the current Muslim generation are contributing factors to the demand of safe and good quality *Halal* cosmetics. The increased awareness regarding the ingredients of the personal care and cosmetic products is an important factor for Muslim consumers especially females.

In theory, Islam affects the purchase intention of Muslim consumers through both Islamic laws and guidelines of Islamic teachings (Alam, Mohd, & Hisham, 2011). However, religious beliefs of the consumers, rather than religion, is better in explaining the behavioural differences between the various consumer segments in a given country (Delener, 1990a). Some individuals are greatly involved in their religious practices while others are not (Kahle, Kau, Tambyah, Tan, & Jung, 2005). Although consumers' purchase intention is greatly influenced by the customers religious belief (Butt 2012; Ahlam Nuwairah Ahmad et al., 2015; Majid et al.,2015), research measuring the relationship between Muslim consumers purchase intention towards *Halal* products and religious beliefs is limited (Muhamad & Mizerski, 2010). There is a lack of a well-established Muslim religious measurement scale and how an understanding of consumers purchase intention-behaviour is affected by its outcome.

Current literature offers a number of factors that influence consumers to choose *Halal* products. However, the research concentrated on the *Halal* food products with limited studies on *Halal* cosmetic products. Presently, since the demand for *Halal* cosmetics products is increasing globally, this research attempts to examine the factors that may affect Muslim females' purchase intention towards *Halal* cosmetics in Malaysia.

1.3 RESEARCH OBJECTIVES

This research comprises general and specific objectives.

1.3.1 The General Objectives:

Personal care products and *Halal* cosmetics are currently in high demand from the Muslim consumers in Malaysia. The general objective is to investigate the factors affecting the purchase intention of *Halal* cosmetics and personal care products by Muslim female consumers.

1.3.2 Specific Objectives:

The following are the specific objectives of this study:

1. To analyse the impact of attitude, subjective norm, perceived behavioural control on purchase intention of *Halal* cosmetics by Muslim females living in Malaysia.

2. To examine the effect of religious beliefs on the purchase intention of *Halal* cosmetics by Muslim females living in Malaysia.

3. To determine the major influential factor on intention to purchase *Halal* cosmetics by Muslim females living in Malaysia.

1.4 THE RESEARCH QUESTIONS

This research attempts to obtain answers to the research questions that follow:

1. What is the impact of attitude, subjective norm, and perceived behavioural control on *Halal* cosmetics purchasing intention by Muslim females in Malaysia?

2. What is the effect of religious beliefs on the purchase intention of *Halal* cosmetics by Muslim females living in Malaysia?

3. Which factor has the most influence on the *Halal* cosmetics purchase intention by Muslim females living in Malaysia?

1.5 SIGNIFICANCE OF THE STUDY:

Research in the field of *Halal* cosmetics is limited. Most previous studies have identified the behaviour of the consumer regarding *Halal* food products. However, few researchers have tried to study *Halal* non-food products like cosmetics and personal care products among others. This research is an additional advantage in this area of study. The aim is to contribute to the research of Muslim consumers' intention to purchase *Halal* cosmetic products to help in decision-making by the marketers.

The study can also make a significant contribution to the currently available body of knowledge to help in understanding the *Halal* cosmetic industry as far as factors influencing the purchase intention of females' on *Halal* cosmetics is concerned. Furthermore, it will provide information regarding the studied factors specific to the Malaysian consumers and the *Halal* cosmetic industry and allow for future comparison between the factors affecting the buying behaviour within the country.

This research is also significant for female Muslim consumers to create more awareness about their purchase decisions and increase their desire to consume *Halal* cosmetic products, so as to satisfy their intention of seeking the pleasure of God by following His orders and enjoining them to do good deeds and enjoy the bounties created for people, specifically for Muslims followers. Additionally, there is an importance for the Muslim consumers to have knowledge of the products that they are buying for consumption in relation to which categories they belong, whether they are

Mashbooh, Makrooh, *Halal*, *Haram* or belonging to other categories (Shaari and Mohd Arifin, 2009).

From the managerial view, this research can contribute significantly to making an effective process of adopting and using good marketing strategies that allow the managers in the *Halal* cosmetic industry to increase their efficiency and effectiveness by minimising the risks involved hence saving resources and time.

This study is also expected to be significant for further developments in the *Halal* cosmetic industry and has the ability to allow the manufacturers to keep a close eye on all their *Halal* cosmetic products by providing more market information. Finally, a suggestion has been made that all the process involved in manufacturing must be managed by qualified Muslim scientists.

1.6 SCOPE OF THE STUDY

The study is aimed at investigating the influencing factors that affect the *Halal* cosmetic products purchasing intention by Muslim consumers in Malaysia. The research targets the females who live in in Klang Valley as the major respondents.

1.7 DEFINITIONS OF KEY TERMS

1.7.1 *Halal* Cosmetics:

These are cosmetics products according to JAKIM, that are not containing any animal forbidden to Muslims or not slaughtered according to Shariah law; or have any human parts as ingredients in it; no genetically modified organism (GMO) which are considered najs; no alcoholic substances (khamar); no preoperational contamination najs, or during manufacturing, processing and storage; and safe for consumer. According to Spiritual Rush (2014), the Department of Islamic Development Malaysia

(JAKIM) is a Malaysian government institution providing Malaysia's *Halal* certification.

1.7.2 Attitude:

This is a marketing term that refers to the general perception of consumers on a given product or service over a specified time frame. Consumers' personal motive is normally satisfied by an attitude that is why it also affects the consumption habits of many customers (Shaari and Mohd Arifin, 2009).

1.7.3 Subjective Norm:

This refers to a person's perception which needs the opinion of close people that are important to him or her on whether he or she should or should not perform a given action or not (Umair, 2015).

1.7.4 Perceived Behavioural Control:

Perceived behavioural control refers to people's perceptions of their ability to perform a given behaviour (Umair, 2015).

1.7.5 Purchase Intention:

This refers to the decision of a given individual on whether he or she will buy a good or service in the near future. It refers to the willingness of a person to purchase a given product (Huong, 2012).

1.8 ORGANISATION OF CHAPTERS

This research is organised and divided into five distinct chapters that focus on different elements of the research.

Chapter One is an overview or introductory section of the study that focuses on the research background and problem statement, the research objective mentioning the aim of this study, as well as the research questions, the hypotheses of research, significance of the study, the layout of the chapter and finally the conclusion of chapter one.

Chapter Two contains the literature review which examines the different relevant sources regarding the study topic, various studies are analysed with correct constructs that relates to this research, involving all the four different about independent (subjective norm, attitude, religious beliefs and perceived behavioural control) as well as the dependent variable (*Halal* cosmetics consumers' purchase intention). The chapter also includes the conceptual framework and the hypothesis development.

Chapter Three begins by discussing the details of the research methodology which is used as well as the process of data collection. It contains the research design, sampling design, and the data collection method. Furthermore, it discusses the study instruments which contains the procedures, activities, and instruments that are used in the collection of data. Lastly, the chapter contains the constructs measurement, data processing, and data analysis highlights.

Chapter Four is where the finding and results from the collected data are analysed and presented. It also contains the Statistical Package for Social Science (SPSS) analysis techniques used in this research illustrated in tables and graphs.

The final chapter includes all the discussion and conclusion of this study. The summaries of the research major findings done will be discussed and conclusions were

drawn. Furthermore, the limitations of this research for further improvement are included and some recommendations for improvement in future research is also suggested.