



MARKETING COMMUNICATION, IMAGE
AND BRAND EQUITY OF *SHARIAH-*
COMPLIANT TOURISM IN MALAYSIA

BY

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ABSTRACT

Unlike contemporary brand marketing, international Muslim tourists rarely perceive that Islamic brands are being broadcasted through countless, sophisticated media channels around the globe. In terms of tourism industries of Islamic countries, so far little is the attention of studying *shariah*-compliant tourism brand promotion that could contribute to theories and practices. This study shows that *shariah*-compliant tourism brands have a potential for the further development to cater to the two billion Muslims around the world. Brand image is the most important element of cognitive knowledge which is placed in the proposed model as a unique mediating factor that has a significant role in creating brand equity. Theories suggest that positioning brands in the consumers' mind would yield both brand image and equity which influence consumers in their decision-making processes. The main objective of the current study is to measure the effects of IMC on *shariah*-compliant tourism brand equity through *shariah*-compliant brand image and Islamic country image from the international Muslim tourists' perspective in Malaysia. Different media channels (traditional channel-based and modern channel-based marketing communication) are effective to broadcast *shariah*-complaint tourism message to international Muslim tourists, which could create consumer-based *shariah*-compliant tourism brand equity. This study revealed that modern channel-based marketing communication significantly influenced *shariah*-compliant tourism brand equity through *shariah*-compliant tourism brand image and Islamic country image. However, conventional channel-based marketing communication did not significantly affect *shariah*-compliant tourism brand equity through *shariah*-compliant tourism brand image and Islamic country image. In addition, gender moderated the relationship between modern channel-based marketing communication and *shariah*-compliant tourism brand equity. Finally, a few implications have been provided for promoting *shariah*-compliant tourism of Malaysia with a view to building and enhancing customer-based *shariah*-compliant tourism brand equity. Future research directions are also discussed for the *shariah*-compliant tourism of the Islamic countries according to the scopes of brand equity theories.

خلاصة البحث

خلافًا لتسويق الماركات التجارية المعاصرة، فإنه نادراً ما ينظر إلى الماركات الإسلامية التي تبث عبر وسائل الإعلام المتطورة التي لا حصر لها حول العالم. وبأهمية أقل يتم ترويج الماركات السياحية المتوافقة مع الشريعة الإسلامية للبلدان الإسلامية التي لديها إمكانيات لتطوير السياحة لحوالي 2 مليار مسلم حول العالم ومستقبلهم المشرق، على الرغم من أن هذه الحكومات وصناع السياحة قد يدركون القيمة في نهاية المطاف. إن شكل الماركة التجارية فقط هي العنصر الأكثر أهمية للمعرفة التي يتم وضعها في النموذج المقترح كعامل فريد، من شأنه أن يسفر على الأقل عن اتخاذ وضعية مع الماركات المتوافقة مع الشريعة الإسلامية في نظر العملاء، على الأقل الماركة التجارية التي تهيمن على العملاء في صنع القرار. والهدف الرئيس لهذه الدراسة هو الإشارة إلى أهمية الاتصالات التسويقية المتكاملة وأثارها على شكل الماركة التجارية للسياحة المتوافقة مع الشريعة الإسلامية، التي ترجمت إلى نموذج ماركة تجارية قائمة على السياحة المتوافقة مع الشريعة الإسلامية من منظور السياحة الإسلامية الدولية في ماليزيا. ويمكن إنشاء قنوات إعلامية مختلفة (قنوات تقليدية وقنوات حديثة قائمة على الاتصال التسويقي) تبث السياحة المتوافقة مع أحكام الشريعة الإسلامية للسياح المسلمين في دول العالم والتي يمكن أن توفر علامة تجارية للسياحة المتوافقة مع أحكام الشريعة الإسلامية. وكشفت الدراسة أن العلامة التجارية المعتمدة على المستهلك للسياحة المتوافقة مع الشريعة الإسلامية في ماليزيا تأثرت كثيراً بالقنوات الحديثة التي تعتمد على الاتصال التسويقي من خلال وسيطين هما: صورة البلد الإسلامي والسياحة المتوافقة مع الشريعة الإسلامية، وصورة العلامة التجارية، جنباً إلى جنب وسيط آخر هو: صورة العلامة التجارية السياحية المتوافقة مع أحكام الشريعة الإسلامية؛ ولكن الاتصال التسويقي عبر القناة التقليدية قد لا ينتج أي آثار كبيرة على صورة العلامة التجارية للسياحة المتوافقة مع الشريعة الإسلامية، وصورة البلد الإسلامي، وحتى على العلامة التجارية السياحية المتوافقة مع أحكام الشريعة الإسلامية؛ أما بالنسبة للآثار المتعلقة بالجنس، فإن تأثير الإعلام على المسلمين الذكور الدوليين يختلف كثيراً عن نظرائهم من النساء على العلاقة بين القنوات الحديثة للاتصال التسويقي وصورة السياحة المتوافقة مع الشريعة الإسلامية. وأخيراً، تم تقديم آثار فعالة لتشجيع السياحة المتوافقة مع الشريعة الإسلامية في ماليزيا وبناء علامة تجارية سياحية قوية تلبي حاجة العملاء، وعلى البحوث المستقبلية أن تناقش السياحة المتوافقة مع أحكام الشريعة الإسلامية في الدول الإسلامية وفقاً لنطاق نظرية رأس مال الماركات التجارية

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, 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.

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This dissertation is dedicated to my beloved parents

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LIST OF ABBREVIATION

AMOS= Analysis of Moments Structures
AVE= Average Variance Extraction
BE=Brand Equity
BI=Brand Image
CFA= Confirmatory Factor Analysis
CFI= Comparative Fit Index
CPE= Cost Per Exposure
CR= Construct Reliability
CR= Critical Ratio
EFE= Exploratory Factor Analysis
GFI= Goodness of Fit Index
MCMC= Modern Channel Based Marketing Communication
PLS=Partial Least Square
PR= Public Relation
RMSEA= Root Mean Square of Error Approximation
SCTBE= Shariah-Compliant Tourism Brand Equity
SCTBE=Shariah-Compliant Tourism Brand Image
SE= Standard Error
SEM= Structural Equation Modelling
SPSS=Statistical Package for Social Science
TCMC= Traditional Channel Based Marketing Communication
MC= Marketing Communication
ISI=Islamic Country Image

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Branding can adequately differentiate one company's product from its competitors' branded or unbranded products and provides advantages in the competitive market situations. According to David Aaker, "a brand strategy can enable, sometimes crucially, the potential for an innovation to be realized. There are times when you literally need to brand it or lose it" (Cited in Samit, 2015). Walter Landor's popular saying is, "products are made in the factory, but brands are created in the mind" (Cited in AIGA, 2016). The branding of tourism services empowers marketers to get and retain tourists with a premium price for a long-time, i. e., premium value of a brand can be up to several billion dollars, such as Coca-Cola, Sony, Nestle, and McDonalds are topmost powerful brands in the world (Haig, 2006). Islamic tourism or *shariah*-compliant tourism is a type of tourism that adheres to the values of Islam (Hassan, 2007), and a new ethical dimension in tourism (Hassan, 2004). Branding *shariah*-compliant tourism with this new value is not only for Muslims who like to experience tourism with Islamic principles without perceiving non-*shariah* compliant risk but also for non-Muslim tourists. Products, services, destinations, industries, cities, regions, countries which—all fall into strong brand building—can be branded with Islamic principles (Temporal, 2011). A recent study shows that Malaysia can be branded as a halal hub to advance its Islamic tourism (Shafaei & Mohamed, 2015).

In a general sense, Islamic tourism is to travel for 'Hajj', 'Umrah', 'Hijra' (Migration) and 'Ziarah' (Visit local shrines) which require Muslims to stay and eat in different *shariah*-compliant facilities. Specifically, Muslims need to travel to a

destination (migration) for various purposes, e.g., worship, business, training, treatment, sport, education, visiting sites. In modern society, transportation, hotels, and restaurants that are getting upgraded and well-equipped with extensive options based on western and secular philosophies have eased travels for different religious and secular people who move, stay and eat in their various purposed journeys for a short time. In these environments around the world, pork, marriage-free intercourse, bar, gambling, spa and more other things like these are entertained based on these countries' constitutional laws. Should Muslims take services in these environments? Only Quran and Sunnah can be the solution for human being, particularly for Muslims in these environments. It is revealed from Quran and Sunnah that a Muslim should lead life *halal* ways. Therefore, Muslims require *shariah*-compliant hospitality and tourism. Could international Muslim tourists know about *shariah*-compliant brands of hotels, restaurants and tourism attractions of Malaysia from different promotional messages? How much *shariah*-compliant brand equity or brand value do they have? Through the marketing program, particularly integrated marketing communication, Islamic tourism marketers can provide their tourists with an aid of developing halal brand image and equity of tourism within their mind settings which dominantly influences their buying intention and behavior. Mind is a dominant factor that heavily controls human behavior, and Islam shapes mind which controls human behavior. According to Deci and Ryan (1980), behaviors can be viewed as a function of both person and environment variables and as a function of both mechanistic (non-consciously mediated) and phenomenological (consciously mediated) variables or mind situations. Keller (1996) conceptualized that "communication effects are what consumers saw, heard, learned, thought, felt, and so on while exposed to a communication" (106-197). Pelsmacker and Geuens (1999) measured a relationship

between advertising effectiveness of different levels of intensity of humour and warmth and degree of product use through top of mind awareness. A research revealed that the respondents thought, that only a few or some enterprises are promoting their products based on Islamic teaching requirements and that the majority of them are avoiding the Islamic principles in promotion, especially in using celebrities (Abdullah & Ismail Ahmad, 2010).

Over several decades, a constant growth and an extending diversification have made tourism one of the fastest growing economic sectors in the world, where developments including a growing number of new destinations have turned tourism into a key driver for socio-economic progress (UNWTO Report, 2015). Obviously, world tourism has been growing for a long time as its trend data shows as an evidence made by World Tourism Organization. This organization disclosed that international tourist arrivals were 25 million in 1950 and 980 million in 2011 which is expected to reach 1.8 billion by 2030; international tourism receipts in 1950 were US\$ 2.1 billion, and the volume of receipts had increased to US\$ 919 billion in 2010 (UNWTO News, 18 December 2011). Asia and the Pacific tourism by 5 percent growth recorded 13 million more international tourist arrivals in 2015, and pan-Asia reached 277 million including South-East Asia by leading growth of 5 percent , and South Asia and North-East Asia by a growing rate of 4 percent (UNWTO Press Release, 18 January 2016). According to United Nations World Tourism Organization (UNWTO), *“Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited”*. Beaver (2002) found that in 1976, the Tourism Society of England's definition was: “Tourism is the temporary, short-term movement of people to destinations outside the places

where they normally live and work and their activities during the stay at each destination. It includes movements for all purposes.” The movement of people, a sector of the economy or the industry and a broad system of interacting relationships of people to travel outside their communities and services are the characteristics of tourism (Chadwick, 1995). The tourism industry is evidently a large international industry with a huge potential for growth and moves to an increasingly global and complex environment with sociological, behavioral, economic, political, cultural, natural and educational dimensions (Khan, Haque, & Rahman, 2013).

Definitions of Islamic tourism are still hazy with regards to Islamic tourism concept (Henderson, 2010). Henderson (2010) also differentiates Islamic tourism from non-Islamic tourism and un-Islamic (anti-Islamic) tourism; Islamic tourism includes all product development and marketing efforts employed for Muslims (Henderson, 2010). Previously defined Islamic tourism was more general and mainly this tourism was developed and run by Muslims (Henderson, 2009). Islamic tourism is economic, cultural and religious (conservative) in concepts (Ala-Hamarneh, 2011). Islamic tourism is all forms of tourism except those that go against Islamic values (Shakiry, 2006). Islamic tourism covers tourism activities by Muslims in seaside destinations for the purposes of relaxation and entertainment in hospitality enterprises that apply Islamic principles (Dogan, 2011). There are several components of Islamic tourism extracted from different definitions, which are participants of the activity (Muslims), locations of activities (Islamic destinations, countries), dimensions of activities (economic, cultural, religious dimensions), products offered to markets (accommodation facilities, trips, food and beverage), and management of the service production process (marketing and ethics). A few scholars also explored a marketing role for Islamic tourism (e.g., Chon, Elgin, & Oppermann, 1997; Duman, 2011; Haq & Wong, 2010; Hashim, Murphy, &

Hashim, 2007; Henderson, 2003), while others examined the quality of Islamic tourism services (e.g., Sumaedi & Yarmen, 2015). Perceived risks were also studied in the context of a particular Islamic country (e.g., Jalilvand & Samiei, 2012a). Consumer values researched in Islamic tourism were presented as anything that a marketer can create for tourism offering with Islamic value (Duman, 2011).

A large number of Islamic business studies from different Islamic countries' perspectives were conducted in different areas of business disciplines. A study on more than five hundred journal articles covering Muslim consumers around the world was conducted as a qualitative research, and the answers to the research questions suggest that research in Islamic branding area was not sufficiently done and brand research issue is imperative for those who want to make a market with Muslim consumers (Alserhan & Alserhan, 2012). Islamic country's duty is also to promote Islamic tourism among Muslim countries, where some research conducted in Islamic tourism in many countries such as Malaysia, Palestine, Iran and Saudi Arabia (Zamani-Farahani & Henderson, 2010). Some pull (internal) factors and some push (external) factors of travel, tour and hospitality are let to relate with and influence satisfaction that subsequently affects loyalty. All relations were found significantly positive (Battour, Battor, & Ismail, 2012). In an exploratory study, spiritual brand development aspects derive from the needs and wants of spiritual tourists (Haq & Wong, 2013). Though the factors affecting developing image of Islamic tourism websites were explored (Hashim et al., 2007), it captured not much information about Malaysia's Islamic country image, Islamic tourism brand image, and Islamic tourism brand equity. After the policy development of attracting tourist destinations in Malaysia, economic and physical development of few destinations were taken up (Henderson, 2015b). One of the drawbacks of the Malaysian Islamic tourism development is that it could not apply image and marketing

theories that maximise its potential developments (Bhuiyan, Siwar, Ismail, & Islam, 2011). So, measuring Malaysian Islamic country image and Islamic tourism brand image including brand equity should be preferential to be determined through the antecedents of integrated marketing communications because this is a driving force that can enhance brand image and brand equity of Islamic tourism. It is generally believed that Muslims tend to behave in an Islamic way and they face or may face difficulties and dangers if tourism offerings other than *shariah*-compliance are received. Islam is remarkable for its features in controlling human behavior, so it is assumed that almost all of Muslims feel discomfort in receiving what is given other than *shariah*-compliance. Studying Islamic behavior of international Muslim tourists in the light of Islamic brand image and equity might give an insight to the development of Islamic tourism not only in Malaysia but also in any Islamic countries.

1.1 HOTELS, RESTAURANTS AND TOURING PLACES IN SHARIAH-COMPLIANT TOURISM

Tourism industry consists of several industries, such as transportation industry, hotel industry, restaurant industry, tourism attraction industry, which are employed to provide touring services. Hotel industry, restaurant industry and tourist place industry are explained by studying previous literature.

1.2.1 Hotel Industry

A hotel is a place of accommodation, food and drinks for guest or temporary residence (Medlik & Ingram, 2000). Jones & Lockwood (1989) defined the hotel sector as lodging sector because hotels provide accommodation to the guests. Hotel definition is changing when degree of adopting technology to it increases. From after the invention of internet, there are different uses of it to improve hotel service quality (O'Connor et al., 2008; Katsoni, 2015; He et al., 2014; Pla-Barber et al., 2011). To develop market, hotel