

APPROVAL

‘I acknowledge that I had read this research project and in my opinion this research project is sufficient in terms of scope and quality for the award of Bachelor of Technology Management (High Technology Marketing)

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**FACTORS EFFECTING CUSTOMER INTENTION TO CONSUME AT FOOD
OUTLET IN MELAKA**

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DECLARATION BY OF ORIGINAL WORK

I hereby declare that the work of this exercise is mine except for the quotation and summaries that have been duly acknowledge

Signature :.....

Name :.....

Date :.....

DEDICATION

This research is dedicated to my beloved parent and my family. Also goes to fellow friends that had accompany me, give me strength for the hard and great moments for the past 4 years of my university session. Also thanks to my final year project supervisor, Ir Budiono Hardjono for his guidance and knowledge. With their support, I was able to complete this research paper.

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ABSTRACT

The existence of halal food product which presented in the displays of halal product at food outlet become increasingly important for Muslim consumers, particularly Muslim consumers who living in a specific place where the majority of the population are not Muslim. Consequently, the purpose of this research is to study and try to investigate and also clarify how Muslim consumer's intention toward the variables of halal food product. Furthermore how Muslim consumer's attitude toward halal food product which presented. This study is based on a survey of 150 respondents randomly selected. Data collected using questionnaires. Consumer intention towards the adoption of available products is high and it is found that consumers are very highly concerned about food preparation factors are ordered from legitimate sources. In general, the frequency of residents in Melaka town visiting the food outlet is every day namely working respondents. However, the results showed that the respondents were not so concerned with the food outlet factor as long as the premises was available to be served from legitimate sources and clean. Government bodies to tighten the licensing and regulation of halal logo to restaurant operators to ensure that the use of food ingredients is completely clean, pure and halal.

ABSTRAK

Kewujudan produk makanan halal yang mana dipamerkan oleh produk halal di kedai kedai makan. Ianya telah meningkatkan tahap kepentingan kepada pelanggan Muslim, dan sebahagian kecil pelanggan Muslim yang tinggal di satu tempat di mana populasi Muslim adalah rendah. Selain itu, tujuan kajian ini dilakukan adalah untuk mengkaji dan menyiasat serta menjelaskan bagaimana niat dan kecenderungan pelanggan Muslim terhadap kepelbagaian produk makanan halal. Selain itu ialah bagaimana sikap pelanggan Muslim dipamerkan dalam memilih produk makanan halal yang mereka ingini. Kajian ini melibatkan survey sebanyak 150 orang respondent yang dipilih secara rawak. Data yang telah dikumpul adalah melalui soal selidik yang telah dijalankan. Kecenderungan pelanggan terhadap pemerolehan terhadap produk adalah tinggi dan didapati bahawa pelanggan amatlah berhati hati terhadap persiapan makanan dan ianya perlu dari sumber yang halal. Secara am nya, kekerapan daripada penduduk Melaka dalam menghabiskan masa di kedai makan adalah tinggi. Akan tetapi, keputusan yang diterima oleh responden adalah mereka tidak begitu berhati hati dalam terhadap faktor kedai makan selagi kedai makan tersebut layak untuk dikunjungi hasil daripada sumber yang halal dan keadaan yang bersih. Badan badan kerajaan yang terlibat juga perlu untuk mengetatkan proses pemberian sijil dan logo halal kepada pengusaha restoran kerana ianya untuk memastikan makanan yang dihidangkan mesti sangat bersih, halal dan juga asli.

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LIST OF ABBREVIATIONS

B = Beta

% = Percentage

R = Point of Estimate

R² = Point of Estimate Square

P = P value

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CHAPTER 1

INTRODUCTION

1.1 Introduction/Background Study

In Malaysia, mostly all sectors such as food and beverage manufacturer, food premises, cosmetics industries, and pharmaceutical industries need a qualified Halal standards certificate to run the business. Halal certificate and logo is a recognition that have been given by the responsible party to show a result of halal food, beverage, and consumable muslim based on Islamic law that has been practiced in this country.

The purpose of this certificates is to eliminate any doubts that arise and prevent from the confusion among Muslim consumers. It need to meet up the requirements that has been set up in the guidelines which contain provision, processing, food cuisine and beverage which have been issued by State Islamic Religion Council. All the food manufacturer, food premises and all the related sectors that meet the requirement in the guideline are qualified to apply the Halal standards certificate and Halal label.

Jabatan Kemajuan Islam Malaysia (JAKIM) is a government agency that control the affairs of Islam religion in Malaysia. There are three function of JAKIM. First is standardization and drafting the Law of Syarak. From this they need to standardize and implements the order from The Conference of Rulers about Islamic religion affairs and coordinate the enforcement of state Islamic Law. Second function is to coordinate the administration of Islam in all the states. Finally is to coordinate and developing Islamic education throughout the country.

State Islamic Religion Council is mostly same function but it is more specific and focus to their own state. In addition, the council helps to develop the Muslim's economic and social in its state. In Malaysia the purpose of established Halal standards certificate is compulsory because Malaysia is recognised as Islamic practiced country. The certificate has been issued because there is protection towards Muslim consumer and will keep concern about their right.

1.2 Problem Statement

The study is about food premises or restaurants in Melaka which have the fully authorisation by state Islamic religion council to run their business by having halal certificate and also the halal label. The problem is although they have got the recognition, sometimes it cannot guarantee the customers especially muslim that their food served are forever halal which subject under Islamic law. That is why this matters need to be solved and their premises need to be checked frequently by the responsible party. In addition, there are some unexpected things happened which is the halal certificate and label have been misused by the restaurants in order to gain profit.

According to Golnaz et al. (2010) found that non-Muslims are aware of halal principles and try to raise the level of awareness through advertising published in halal products. They feel that halal products are clean and pure from dirt and will not cause harm to them. Therefore, Muslim users should be aware of several things about the products such as source, process, packing, storage and production. It

happened because of the sources of the food that served to customer are not fulfill the guidelines of food preparation which issued by Islamic council. Besides that is the surrounding of the entire premises which not meet the requirements of the cleanliness. Hence, it is important to carry out this research in order to determine the level of confidence and acceptance of halal products consumed.

1.3 Research Question

1. What is the most important factor that gives an effective impact in increasing of customers intention to purchase?
2. What is the relationship between halal label and certificate and customers intention to purchase?
3. What is the relationship between government role and customers confidence level to consume at food outlet?
4. What is the relationship between religious belief and commitments with the customer confidence level to consume at food outlet?
5. What is the relationship between food outlet role with customers confidence level to consume at food outlet ?

1.4 Research Objective

1. To identify the most important factor that influence in customers intention to purchase at food outlet.

2. To analyze the relationship between halal label and customers confidence level to consume at food outlet.
3. To find out the the relationship between government role and customer confidence level to consume at food outlet.
4. To determine the relationship between religious belief and commitments with customers confidence level to consume at food outlet.
5. To examine the relationship between food outlet role and customers confidence level to consume at food outlet.

1.5 Scope, Limitation and Key Assumptions of the Study

Scope: The research takes place only for the food premises, and restaurants in Melaka. It is involves all types of races for the restaurant business in Melaka including Malay, Chinese, Indian, Indian Muslim and so on.

Limitation: From the research, it will not cover all restaurants in Melaka. There are specific location targetted for the research which is in Melaka town.

Key Assumption of the study: To smoothing the work, researcher need to target the premises to collect data which at the restaurants that serve to all types of customer including Muslim.

1.6 Importance of the Study

1.6.1: Importance to business

From the study, firstly it shows about the importance of business. It is the common things in Malaysia when people want to run up a restaurant business, or food premises, they need to apply for the Halal standards certificate. It is like a license from the government that ensure them to smoothing their business and gain profit. Through the business , the party that in charge in Islamic affair just need to recheck and do inspection towards the restaurants. If any of issue arise from the premises, their Halal certificate will be retracted if there are some serious matters regarding to Islamic guidelines. So this shows that the Halal standards certificate is very important and become a vital for the restaurant business.

1.6.2: Importance to academia

The second importance of the study is related to the academic site. From the research, first thing that will need to do is to collecting the data. Once the data have been collected, the conclusion can be made by the study. From this, the researcher will know about the significant of having the standards Halal certificate for the business. It is also will increase the confidence level of customer if there are frequent enforcement to avoid any of the issues arise in order to protect Muslim customer.

1.7 Summary

The effective of people enjoy consume the legitimate products are refer to applying a qualified requirements based on the guidelines that issued to the restaurant and food premises business. It is to ensure all the food product that served in the restaurants meet the standard that have been set up by State Islamic Religion Council and can be served to Muslim consumer. Inspections and enforcement are frequently be done by the accountable party to prevent from any misuse of the restaurant owner and the workers. This is including the inspection towards the worker's ethic, tools that have been used and also surrounding of the entire premises. It will be monitoring by the party that involved. Costumer awareness have been created by the issues that arises which related to food and beverage. From this, it will also sparks the awareness of Halal food towards Non-Muslim. They tend to not sell or serve any of food product which contain forbidden ingredient to Muslim consumer. Finally, restaurants and food premises need to emphasising on minimize the confusion and doubt to the Muslim regarding the issues arised recently.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Food is one of the topics that have always been discussed among the people. This is because food is the basic necessity for the well-being of human. In Malaysia, this is the country which Islam being the largest practiced religion which is approximately 61.3 % of muslim. From that, any of the sectors are needed to apply for MS 1500:2004 (Malaysian Standard: Halal Food-Production, Preparation and Storage-General Guidelines) and it was launched in August 2004, figure out clearly about the government's commitment on formulating a precise and clear guideline for halal food. One of the sectors for the research is the food premises or restaurants in Melaka. This will elaborate on how the Halal label is very significance to the food premises and have to find out about the customer confidence, awareness when consuming the food products from the restaurants.

2.2 Theory of Planned Behavior

Theory of Planned Behavior is the sequence to TRA, which is taking into account the control of behavior seen. According to this theory, a person will only perform his intention when he feels able to control the implementation of the action. The perceived control is different according to the perception of behavioral complexity. This perception is based on the reflection of a person's experiences and obstacles or barriers to perform the behavior. Ajzen et al. (1980) concluded that the importance of perceived control is to determine the relationship between attitudes and behavior has been demonstrated in a number of empirical studies. This study supported the hypothesis stated that those with high control will have a strong intention to perform certain behavior and will do so when it is deemed appropriate. Therefore, this theory was applied in this study in order to know the behavior of consumers in making food-purchasing decisions in ordinary restaurants. It is divided into three behavioral variables such behavior to make a purchase, intention to make purchase and subjective norm.

2.3 Halal Label and Certificate

In Malaysia, one thing that encourage customer to consume and buy food from the restaurant outlet is the sign of halal logo. People will more attracted to go there if there any sign of halal logo especially for the muslims. For the muslims, although they have learn and have the religious belief practiced, it is not necessary aware of food that sold and served at the food outlet. According to (Mohani et al., 2009), apart from the awareness of muslim on halal products, consumer also expect availabilty of the use of halal logo on food packaging so as not to cast doubt.

Same situations with the restaurant also which the displaying of halal label in the premises is very compulsory. From this, customer that come to the restaurant will eliminate any of the confusion and they will not wondering if the food serve at the restaurant not qualified as halal food aspect. Inspection to the food outlet need to be done frequently to tightens the law. It is to ensure that halal logo can be standardised. Also some of the issues appeared regarding the restaurants that displaying the illegitimate halal certificate and halal label. Any of the authorities need to take an action to ensure there is no confusion to muslims.

The government has offered widely to the food operators that interested and have been obliged to obtain halal standards certificate with the logo mark issued by JAKIM with support of Ministry of Domestic Trade and Consumer Affairs Commission (KPDNHEP) and also State Department of Islam (JAIN). It is an efficiency from the government to ensure that every restaurants is displaying the halal certificate and logo. It is very important as it can boost customer confidence and trust toward the restaurant outlet. Halal certification provides for greater consumer confidence as it allows consumers to make an informed choice on their purchase (Wan Hassan & Hall, 2003).

2.4 Government Role

Recently, based on the cases that have been reported, it shows that most of the vendors or food outlet owner of the products had been deceptive and made false representations to customer, especially in the use of Halal label. They have shows no emphasis of presenting the halal label after the application of using halal label and certificate had been approved. According to Mustafa & Mahyeddin, (2012), most Muslim countries under the World Islamic Organization has also started producing their own Halal standards to ensure that the Halal standards in their respective

countries are consistent with the Islamic standards. It is the sign that shows it is very significance in the food industry.

The effectiveness of Halal law also needs to be improved. This should be addressed immediately to avoid doubts about the status of Halal products as a new source of global economic growth. There are 4 diversion of enforcement of halal law. First is about halal related laws. Prior to 2011, the applied law was the Trade Descriptions Act 1972, under the Ministry of Domestic Trade, Cooperatives and Consumerism. When the act was revised, the ministry came to conclusion that the act should be updated, and due to that, the amendments were made to the Trade Descriptions Act 2011. This Act gives power to the minister of the domestic trade, co-operatives and consumerism to appoint a competent authority to deal with Halal issues. It is triggered due to many issues related according to the value of halal label and certificate.

Besides that, all the actions taken by the government are crucial. It is to ensure the provision of halal certificate and logo are just only awarded to restaurant or food outlet that truly follow the guideline that has been issued. According to (Basit & Sahilah, 2010), this shows the importance of the role of the authorities in ensuring the halal logo and certification can be tightened and adjusted to reduce the level of concern of either muslim or non muslim consumer. Under jurisdiction factor also lead to the methods of enforcement. Two parties recognized by the Malaysian government to issue Halal certification in Malaysia are JAIN or MAIN and JAKIM. According to (Mustafa & Kamilah, 2012), it stated that It is enshrined in Article 74 (2) read together with the Ninth Schedule, State List of the Federal Constitution of Malaysia states that matters pertaining to Islamic law and Muslim individual and family law are under the jurisdiction of the state.

Halal is a matter pertaining to Islamic law and is under the jurisdiction of the state. However, the state's jurisdiction is limited only to Muslims. Besides that is staff numbers become constraint to the surveillance of halal label at the premises and