

APPROVAL

I hereby acknowledged that I have read this research project and in my opinion, this research project is sufficient in terms of scope and quality for the purposes of the award of Bachelor of Technology Management (High Technology Marketing)

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**THE IMPORTANCE OF PROMOTIONAL TOOLS TOWARDS HALAL
FOOD PRODUCT: A CASE STUDY OF MAMEE–DOUBLE DECKER (M)
BHD.**

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**Submitted in Partial Fulfillment of the Requirement for the Bachelor of
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DECLARATION

I hereby declare that the work of this research was my own work except for the quotation and summaries that have been duly acknowledged

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DEDICATION

This research is dedicated to my lovely family who always support me and my fellow friends that had accompany me for the past 4 years at UTeM. This research also dedicated to my final year project supervisor, Miss Johanna bt. Abdullah Jaafar for her guidance. With their support, I was able to complete this research.

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I would like to take this opportunity to express my gratefully and sincerely thanks to Miss Johanna bt. Abdullah Jaafar for her guidance, understanding, patience, and most importantly, her endless support for me during completing this research. Without her supervision, I may not able to complete this research within the time given.

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ABSTRACT

The main purpose of this research is to increase the awareness of the halal food manufacturer about the importance of promotional tools in their business. Mamee-Double Decker (M) Bhd. is the role model and will be the best example for a company in halal food industry that really concern about the role of promotional tools. Good product will not be sold by itself without the efforts to market, promote and advertise the product (Omar, 2013). This research emphasized the importance of advertising, sales promotion, personal selling and public relation in a promotional activities. A survey by distributing a questionnaire helped the researcher to explain the importance of promotional tools. People around Malacca mainly city area will be the respondents who will answer the questionnaire. The researcher used exploratory factor analysis to prove proposed theories about the importance of promotional tools. As a result, the researcher found that advertising was the best promotional tools used by Mamee to create the awareness. This research also has proved that promotional tools were important things to implement and it gave a benefits for both customers and company. This research are significant to the manufacturer in Halal food industry because they should understand that implementing a promotional tools cannot be underestimate. The researcher also obtained to answer all research questions and fulfil the research objectives. The customer's perspective agreed that promotional tools is important as it can increase the awareness.

ABSTRAK

Tujuan utama kajian ini adalah untuk meningkatkan kesedaran terhadap pengeluar makanan Halal tentang kepentingan alat promosi dalam perniagaan mereka. Mamee-Double Decker (M) Bhd. adalah rujukan dan akan menjadi contoh terbaik sebagai pengeluar makanan Halal yang benar-benar prihatin tentang peranan alat promosi. Produk yang baik tidak akan dijual dengan sendirinya tanpa usaha untuk memasarkan, mempromosi dan mengiklankan produk (Omar, 2013). Kajian ini menekankan kepentingan pengiklanan, promosi jualan, jualan peribadi dan perhubungan awam dalam aktiviti promosi. Tinjauan telah dijalankan dengan cara mengedarkan borang soal selidik supaya membantu penyelidik untuk menerangkan kepentingan alat promosi. Penduduk di Melaka terutamanya kawasan bandaraya Melaka menjadi responden yang menjawab soal selidik. Penyelidik menggunakan kaedah penerokaan faktor analisis untuk membuktikan teori yang dikaji berkenaan kepentingan alat promosi. Hasilnya, penyelidik mendapati bahawa pengiklanan adalah alat promosi terbaik yang digunakan oleh Mamee untuk meningkatkan tahap kesedaran pelanggan. Kajian ini juga telah membuktikan bahawa alat promosi adalah perkara penting untuk dilaksanakan dan ia memberikan manfaat kepada kedua-dua pihak pelanggan dan syarikat. Kajian ini turut memberi kesan kepada pengeluar industri makanan Halal kerana mereka perlu memahami bahawa melaksanakan alat promosi tidak boleh dipandang rendah. Penyelidik juga berhasil untuk menjawab semua persoalan kajian dan memenuhi semua objektif kajian. Berdasarkan perspektif pelanggan, mereka bersetuju bahawa alat promosi adalah penting kerana ia boleh meningkatkan kesedaran pelanggan.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

According to the population clock published on the Malaysia Statistics Department website, Malaysia has 29,999,530 citizens in February 2014. Islam as the dominant religion, whose followers make up 61.3 per cent of the population, but the constitution guarantees religious freedom for many other faiths. Muslims are instructed by Allah to eat only halal foods and when in doubt to avoid it. It is good for physical health and it also for spiritual development since it fulfills God's commandment. Islam provides rules and regulations over foods products so that it is produced and prepared according to God's commandment, and meeting the safety, quality and nutritional needs, similar concerns are shown by non-Muslims over the issues (Rahman, 2011).

Malaysia is regarded as an upper middle income group country. In Malaysia, food and beverage retail market is expected by expert to grow by around 10 percent per annum. In 2012, New Zealand Trade & Enterprise make a research about Malaysian food and beverage industry. From the research, Malaysian households spend around 24 percent of their household income on the purchase of food and beverage on average. Supermarkets are the leading distribution channel for packaged food in Malaysia. The reason why food and beverage industry will grow every year is because the major supermarket chains, such as Carrefour, Jusco and Tesco, are continuing to expand their operations in Malaysia. This is a good potential for Malaysia as they aims to be the market leader and the main halal hub for the world and its halal certification requirements are likely to become more stringent over time.

Many consumers eat snack and for consumer in Malaysia, mostly they are eating a halal food. They even searching for halal snack to eat. The Halal food industry is vital to Muslims world wide as it gives them a sense of security that whatever they consume, use and purchase is *syariah* compliant (Bohari, Hin & Fuad, 2013). The concept of halal refers to the manner of producing goods and services in the manner approved by Islamic law or *syariah*. The concept of halal is not only for food manufacturing, it also involved in others manufacturing industry such as pharmaceutical industry and textile industry. Every step involved in the manufacturing process must be handle with care and cleanliness is very important.

In Malaysia, the food industries are regarded as playing a vital role in the overall national economic development as they constitute significantly in terms of income distribution and employment generation. More importantly, Malaysia has set to become the major player in halal product and services (Rahman, 2011). For manufacturer of food and snack, they should consider to providing a halal food. Besides manufacturing a halal products, other marketing practices is important as it will the consumer buying decision for the products. So, the researcher will concern about the promotional tools used by Mamee as an effort to increase the customer awareness. The other benefit is the company will achieve high sales if the promotional tools are effective.

According to (Bawa & Shoemaker; 1987 and 1989; Blattberg & Neslin, 1990; Leone & Srinivasan, 1996; Huff & Alden, 1998) said that the importance of sales promotions toward consumers behavior keep growing over the past few decades. Sales promotion is an important component of any organization's overall marketing strategies along side advertising, public relations, and personal selling (Williams, 2012). This shows that the promotional tools is important and it give a huge affect to the organization. Obi (2002) comments that promotional tools consists of the related promotional activities that are necessary to supplement personal selling. Some of these activities include distribution of sample products and tester to the customer, demonstration of products at stores or roadshows and preparation of printed materials used by sales people or for point-of-sale displays. The main purpose is to introduce the products to the customer. The promotional

activities not only for new invented product, it is also implement to the product that already known in the market to keep that product competetive with other brands.

1.2 PROBLEM STATEMENTS

Food and beverage industry provide great opportunities for those who want to start a business. Malaysia are working harder to be the market leader and the main halal hub for the world and this is the great opportunities to the entrepreneur in food and beverage industry. But, do they know the important of promotional tools for their business? If they are providing a halal food product, halal certification requirements are likely to become more stringent over time. How can the entrepreneur promoting their halal product if they do not know about promotional tools. The promotional tools are giving a huge impact towards their business. Promotional tools help them to tell the customer about their halal food product and without promotional tools, to bring the customer awareness seem to be impossible.

1.2.1 RESEARCH QUESTION

In this research, the researcher has come out with four research questions in order to achieve the objectives set for the research. The research questions are as follow:

1. What is the importance of implementing a promotional tools?
2. Which is the best promotional tools used by Mamee that create customers awareness?

3. Why it is important for manufacturer in halal food industry to implement a promotional tools?

1.2.2 RESEARCH OBJECTIVE

The main objective of this study is to investigate the importance of promotion tools used by Mamee towards their customer. There are five specific research objectives such as:

1. To emphasize that customer awareness is one of the importance of using promotional tools.
2. To identify which promotional tools used by Mamee is the best to create the customers awareness.
3. To increase the awareness to the manufacturer of halal food toward the effectiveness of using promotional tools.

1.3 SCOPE OF STUDY

This research covered mainly to investigate the important of doing promotional tools such as doing a ground events, free sampling, and promotional pricing to influence the customer buying decision and increase the awareness about the product. The information gained from primary and also secondary data such as questionnaires, journals, articles, newspaper and websites. The target respondents for this study would be picked randomly from people around Malacca. The researcher also refer to the official websites of Mamee Sdn. Bhd. which any promotional tools implemented will be report in the websites. In this research, the researcher focused on promotional tools used by

Mamee and the important of the tools towards the company. The researcher also try to understand how promotional tools can increase the customer awereness among Mamee's consumer.

1.4 SIGNIFICANT OF THE STUDY

1.4.1 SIGNIFICANT TO THE COMPANY

The main purpose of doing this study is to investigate the important of promotional tools for Halal food industry. For this research, the researcher choose Kilang Makanan Mamee Sdn. Bhd. as subject for this research. This research is essential for Mamee to know about their strength of promotional tools that they used before. Mamee have a good brand positioning and they have their own loyal customer. It does not mean they can underestimate the importance of promotional tools. Besides, Mamee can create a new promotional tools to increase the customer awareness about their halal food products. The final result collected by the researcher can be a benchmark to the company in order to improve and contribute more on budget of advertisement and promotion. An effective promotional tools will give a huge impact to the company and it is also a strategy to compete with their competitors.

1.4.2 SIGNIFICANT TO THE RESEARCHER

The purpose of this study is to fulfill the requirement of Bachelor of Technology Management (High-Technology Marketing) with Honours. This final year project is compulsory for every students. It is also give the student a chance to make a research on industry. Moreover, this study will be useful to the researchers to search an information

and formulating strategic marketing especially on advertising and promoting. The researcher can apply what they has learned in the subject of Research Methodology into this research. By doing this research, researcher will be exposed to the real situation on how business is operating, how to handle promotional activities and finding a solution for any problems occurred during the marketing activities.

1.4.3 SIGNIFICANT TO THE CONSUMER

This research obtained a data from the consumer around Malacca especially people in city of Malacca. This will show the level of consumer awareness towards Mamee's food product because this research is proving that promotional tools really give a huge impact towards the organization. To increase the customer awareness, Mamee should implement a right technique of promotional tools. The consumer can give an adverse effect if the Mamee underestimate the role of promotional tools. Promotional tools used by Mamee will give a huge benefits for their consumer and their consumer should understand that promotional tools is used to attract the customer especially when introducing a new product. The promotional will come from time to time and it is not implemented in every time. The key to success in promotion lies in the awareness of the consumer and if they are attracted, the promotion will be success. This show that a consumer is really important in promotional tools success because they are the target for every promotional activities.

1.5 LIMITATION

Although the research has reached its aims, there are still unavoidable limitations of this study. First, the limitation of the study are lacking of time. The time given to complete this research is only 1 year. The researcher would create a better end result for this research if the time given is more than 1 year.

Besides that, to answer the research question and to fulfil the research objective, the researcher distributed a questionnaire to the people at city of Malacca. Thus, the researcher interpreted the data collected from the consumers and not from the company. This might not able to provide enough evidence from the company's perception.

Last but not least, to interpret the data, the researcher are using SPSS 16.0 because the researcher want to analyze with statistical explanation. The lack of knowledge on how to use the software is also the limitation of this research.

1.6 SUMMARY

Providing a halal food product is one of many way to contribute towards Malaysia aims which Malaysia want to be the main halal hub for the world. For entrepreneur to start the food and beverage business in Malaysia, they should get a halal certification which will make sure the product is clean and follow the halal standard. The halal food product have a great opportunities to success in Malaysia because majority of people in Malaysia is Muslim. To ensure the customer aware about the halal product, the manufacturer must understand the important of promotional tools to increase to customer awareness about their halal food product. During this research, the researcher faced some limitation such as can not have a financial statements. But the researcher still can know how much did the company spend in promotion and advertisement by doing a survey on web and company's journal.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter, the researcher is explaining about the theoretical framework used in this research. The main theory is promotional tools and the researcher are creating a relation between promotion tools and halal food products. The element of promotional mix that normally used in many company is advertising, sales promotion, personal selling and public relation. There are many tools used in promotional activities and it is categorized as ground events, free sampling and promotional pricing.

2.2 LITERATURE REVIEW ON DEPENDENT VARIABLE

2.2.1 PROMOTIONAL TOOLS

Every organizations seek for competitive advantage and well-intergrated marketing mix element. The marketing strategies give a huge impact towards the efficiency and cost structure of an organization. Promotion is one of the four factors in marketing mix that many researchers assessed its relationship with a market to find promotion would increase sales and profit. From all aspects of the marketing mix, the most depth researched was advertising. It is examined advertising procedure the company

can introduce, inform, remind or encourage consumer and generated more sale and enhance profit (Leonidou et al., 2002).

According to Williams (2012), promotion becomes an integrated of the marketing strategy for reaching the target market and the marketing managers should be responsible to combine elements of promotional strategies, which is promotional mix into coordinated plans. Kotler (2001) described a promotion as adverse collection of incentive tools, mostly short-term, designed to stimulate quicker and greater purchase of particular brand, products, or service by consumers. He added that promotion give more impact at mature stage of a product and that product managers might try to stimulates sales by modifying one or more marketing mix elements.

The main objectives of promotion, Odunlami & Ogunsiji, (2011) believed that objective of promotion as:

- i. To increase sales of product, especially at the time when normal sales are sluggishly to periodically.
- ii. Clear a stock in a warehouse before new inventory taking and restocking.
- iii. To introduce new product to create the opportunity of being accepted into the market.
- iv. To encourage the purchase of large size unit by customers or traders.
- v. To encourage trials among non-users.
- vi. To encourage retailers to carry new items and higher level of inventory.
- vii. To persuade off season buying and building brand loyalty.

They also added that companies use promotion to create a stronger and quicker response from the customer towards the product. Promotion can be used to dramatize products, persuade customer with an interesting offer and boost sagging sales for the companies.

Promotion is one of the elements in marketing mix (Carthy, 1996). It is important elements in every organization. According to Onditi (2012), promotion brings an interactive dialogue between an organization and its customers and it takes place during the pre- selling, selling, consuming and post- consuming stage. The promotional mix elements include advertising, sales promotion, personal selling and public relation.

2.3 RELATION BETWEEN PROMOTIONAL TOOLS AND HALAL FOOD PRODUCT

The strength of Malaysia as a leading player in the global halal food industry is the reason why many entrepreneurs start a business in halal food industry. According to Bohari, et al. (2013), Malaysia has proven itself highly qualified to lead the global halal food industry. This is because Malaysia halal standard is safer and better quality than the products of other ASEAN countries. Halal food industry also create an opportunity for entrepreneurs to expand their market and export to other countries. The weakness of the Malaysian halal food industry is begins from halal food producers and suppliers. Each producers has their own brand and the products lacks attractiveness reflecting lack of professional knowledge and training in product development (Bohari et al., 2013). The result of lack attractiveness, people are not aware about the product. Initial steps to prevent the lack of attractiveness and increase the customer awareness is to implement the promotional tools in the business. This is the relation between promotional tools and halal food product. Without regular promotional efforts and continuous impact is not significant and the product will require a longer time to be accepted in the market (Omar, 2013).

Mamee is one of many food manufacturer that promoting their product aggressively. Their halal food product is promoted effectively and constantly with the use of mass media such as magazines, pamphlet, newspapers, news letter and electronic mass media like radio and TV. Hence, Mamee should be the role model to the small entrepreneur especially for entrepreneur that start a business in halal food industry. Omar

(2013) believed that a new entrepreneur need to give greater emphasis to their marketing strategy. He also add that good product will not be sold by itself without the efforts to market, promote and advertise the product.

Malaysian government's aim to position Malaysia as the International Halal Food Hub at the international level has put the country on a strategic path to become the major halal food supplier base and the global halal certification centre (Omar, 2013). The enhancement of entrepreneur in halal food industry is a good sign for the government because it show that the entrepreneur also give a cooperation to achieve the country's aim. Omar (2013) also stated that with the government's efforts to make Malaysia a centre for halal food production, the entrepreneur should take this opportunity to identify the types of food that attract good market. To attract the customer, the entrepreneur should do a marketing activities and promotional is one of the element in marketing mix.

One of the element in promotional tools is advertising. It is always felt that advertising increases the cost of product or service but advertising is considered economical as compared to other promotional techniques because it reaches masses and if we calculate cost per customer it is very low or nominal (Pujari, 2014). Advertising can help the entrepreneur promoting their halal food product with a low cost. Advertising also capable of delivering message from the manufacturer to their customer. The customer will be aware of the existence of the product. This is the relation between advertising and halal food product.

The other element in promotional tools is sales promotion. Hardie (1991) explained that sales promotion gives a short-term inducement of value offered to arouse interest in buying a good or service. This strategy can boost the sales immediate and it should not be conducted continuously. Kotler (1994) believed that if sales promotion is conducted continuously, they lose their effect. He also add that customers begin to delay until a coupon is offered or they question the product's value. Sales promotion still a good technique to attract the customer and promoting the halal food product. For some entrepreneur in halal food industry, they use sales promotion to provide a sample or tester of their food to the customer.