

SUPERVISOR VALIDATION

I hereby declare that have read thesis and in my opinion this is sufficient in terms of scope and quality for the award of Bachelor Degree of Technology Management (Innovation Technology)

Signature :
Supervisor Name :
Date :

Signature :
Panel Name :
Date :

FACTORS INFLUENCING CUSTOMER PURCHASE INTENTION TOWARDS
HALAL LOGO ON FOOD PACKAGING IN MELAKA

SITI HAJAR BINTI MOHTAR

Report submitted in fulfilment of the requirements for the Bachelor Degree of
Technology Management (Innovation Technology)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka (UTeM)

JUNE 2017

DECLARATION

I hereby declare that this report has been prepared by my own except summary and citation that I been clarify the resources

Signature :

Name :

Date :

DEDICATION

I would like to dedicate this research to my beloved father and mother, Mohtar Bin Senawi and Hamishah Binti Wahab who have always supports me all this time and give me a big encourage to finish my research. I also dedicate this research to my siblings who always give me the strength and advice. Last but not least, I would like to dedicate to all my friends. Although they did not help me in completing my research but without their mentally support, I would not have finish my research smoothly.

ACKNOWLEDGEMENT

Praise to Allah for this two semester I finally successfully finish in conducting the research for my final year project. I would like to take this opportunity to express my sincere gratitude to the people who have been helped me during my research.

Firstly, I would like to thanks to Prof. Dr. Adi Saptari, my supervisor. The completion of this research could not have been possible without the guided and advice from him.

Secondly, I would like to express my gratitude to the respondents who willingly to support and contribute their time in answering my questionnaire. Without them, my research could not be finish completely.

Last but not least, I want to thanks to all who directly nor indirectly that helped me in finish my research for final year project.

ABSTRACT

This research aims to examine the factors influencing Melaka Muslim community in purchase intention towards halal logo on food packaging. Theory of Planned Behaviour is used as theoretical framework and there are three factors in influencing customer purchase intention which are attitude, subjective norm and perceived behavioural control. Questionnaire were distribute to the 170 Muslims respondent which randomly selected in shopping complex or supermarket area Melaka City. The data was analysed using Statistical Package for Social Sciences (SPSS) version 20. Cross tabulation, descriptive analysis, Pearson correlation and multiple regression analysis were applied in this research in order to identify relationship and the most important factor. The results indicated that attitude, subjective norm and perceived behavioural control have positive relationship to intention on purchasing food packaging with halal logo. The most important factor that influence consumer purchase intention towards halal logo was attitude and subjective norm.

ABSTRAK

Kajian ini bertujuan untuk mengkaji faktor yang mempengaruhi masyarakat Islam Melaka dalam niat pembelian terhadap logo halal pada bungkusan makanan. Teori Tingkahlaku Dirancang digunakan sebagai rangka kerja di dalam kajian ini dan terdapat tiga komponen menjadi faktor dalam mempengaruhi niat pembelian pelanggan iaitu sikap pengguna, norma subjektif dan kawalan tingkah laku dilihat. Soal selidik telah diedarkan kepada 170 orang responden yang beragama Islam. Responden dipilih secara rawak di kompleks membeli-belah atau kawasan pasar raya di Bandaraya Melaka. Data di analisis menggunakan Statistical Package for Social Science (SPSS) versi 20. Penjadualan silang, Analisis deskriptif, korelasi Pearson dan analisis regresi berganda telah digunakan dalam kajian ini untuk mengenal pasti hubungan dan faktor yang paling penting. Keputusan menunjukkan bahawa ketiga-tiga faktor ini iaitu sikap pengguna, norma subjektif dan kawalan tingkahlaku mempunyai hubungan positif dengan niat dalam pembelian makanan dengan logo halal dan faktor yang paling penting yang mempengaruhi niat pembelian pengguna terhadap logo halal adalah sikap dan norma subjektif.

TABLE OF CONTENT

CHAPTER	TITLE	PAGE
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	<i>ABSTRAK</i>	vi
	TABLE OF CONTENT	vii
	LIST OF TABLES	x
	LIST OF FIGURES	xi
	LIST OF APPENDICES	xii
CHAPTER 1:	INTRODUCTION	
	1.1 Background of the study	1
	1.2 Problem Statement	3
	1.3 Research Question	4
	1.4 Research Objective	5
	1.5 Scope of Study	5
	1.6 Limitation Of Study	6
	1.7 Significant of Study and Summary	6

CHAPTER 2:	LITERATURE REVIEW	
2.1	Introduction	7
2.2	Definition of Halal and Halal Food	7
2.3	Halal Certification	8
2.4	Definition of Logo	9
	2.4.1 Halal Logo	
2.5	Awareness and Knowledge Towards Halal Logo	12
2.6	Definition of Perception	13
2.7	Definition of Purchase Intention	13
2.8	Factors Influencing Customer Purchase Intention	14
	2.8.1 Theory of Planned Behaviour (TPB)	
	2.8.2 Attitude	
	2.8.3 Subjective Norm	
	2.8.4 Perceived Behavioural Control	
2.9	Theoretical Framework	16
2.10	Hyphotesis	17
2.11	Summary	17
CHAPTER 3:	RESEARCH METHODOLOGY	
3.1	Introduction	18
3.2	Research Design	18
3.3	Methodologies Choices	19
3.4	Data Collection Procedure	19
3.5	Location of Research	20
3.6	Research Strategy	21
3.7	Questionnaire Design	21
3.8	Pilot Testing	22
3.9	Data Analysis	24
	3.9.1 Descriptive Statistic	
	3.9.2 Inferential Statistic	
3.10	Methodological to Achieve Objective	27
3.11	Summary	28

CHAPTER 4:	RESULTS AND DISCUSSION	
4.1	Introduction	29
4.2	Results	30
	4.2.1 Reliability Analysis	
4.3	Demographic Profile Of Respondents	31
	4.3.1 Gender	
	4.3.2 Age	
	4.4.3 Occupation	
	4.4.4 Education	
4.4	Cross Tabulation	35
4.5	Respondents Knowledge on Halal Logo	36
	4.5.1 Knowledge on Halal Logo	
	4.5.2 Knowledge on Jakim Halal Logos	
	4.5.3 Ability to Differentiate the Original Logo	
	4.5.4 Source Information of Halal Logo	
4.6	Descriptive Statistics	40
4.7	Inferential Statistics	42
	4.7.1 Correlation between IV and DV	
	4.7.2 Hypothesis Testing	
4.8	Discussions of Research Finding	46
CHAPTER 5:	CONCLUSION AND RECOMMENDATION	
5.1	Conclusions	51
5.2	Recommendation	53
	REFERENCES	55
	APPENDICES	58

LIST OF TABLES

TABLE	TITLE	PAGE
3.0	Reliability test statistics	22
3.1	Reliability Test on Actual Survey	23
3.2	Range of Cronbach Alpha	25
4.0	Reliability Analysis for All Variable	31
4.1	Reliability Analysis for Each Variable	31
4.2	Respondent Demographic of Gender	32
4.3	Respondent Demographic of Age	33
4.4	Respondent Demographic of Occupation	33
4.5	Respondent Demographic of Education	34
4.6	Cross tabulation between Gender and Age	35
4.7	Knowledge on Halal Logo by Age	36
4.8	Knowledge on JAKIM halal logo by Gender	37
4.9	Knowledge on JAKIM halal logo by Education	37
4.10	Ability to differentiate by Gender	38
4.11	Ability to differentiate by Age	38
4.12	Source of Information by Gender	39
4.13	Source of Information by Age	40
4.14	Mean Score for All Variables	41
4.15	Correlation Coefficient Analysis	43
4.16	Multiple Regression Analysis	46
4.17	Correlation between attitude and purchase intention	48
4.18	Correlation between subjective norms and purchase intention	48
4.19	Correlation between perceived behavioural control and purchase intention	49

LIST OF FIGURES

TABLE	TITLE	PAGE
2.0	Halal logo approved by JAKIM	10
2.1	Logo not recognized by JAKIM	11
2.2	The old logo certified by private sector	11
2.3	Theoretical Framework based on Theory of Planned Behaviour	16

LIST OF APPENDICES

APPENDIX	TITLE	PAGE
A	Questionnaire	58
B	Reliability Test for Pilot Test	61
C	Mean for Each Item	65

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Malaysia is one of the country that has many religions. According to the Department of Statistics Malaysia in 2010, the majority of people in Malaysia are Islam with 61.3%, followed by Buddhism 19.8%, Christianity 9.2%, Hinduism 6.3% and others 3.4%. Melaka is one of the states with the distribution of Islam population exceeding 50% which are 66.1%. Year by year, the beliefs of Islam in Melaka are increasing. Along the increases of this population, many industries are taking an advantage to develop and produce halal food. Parallel with this, halal industries have now expended well beyond in the food sectors and halal is becoming a universal concept.

Muslims consumer are very particular about the halalness of the foods they consume. It is because Islam encourage and teaches the followers to choose halal food as stated in the Quran and Hadith. It was an obligation for Muslims to follow the law and find halal foods. According to (Mohamed et al., 2008) halal food is not only about the ingredient that be used, it includes the way of slaughter, cleanliness, preparation and process of making the foods. In this context, it means all aspects in producing the foods need to take serious. According to Islamic law, meat that have through the slaughtering process accordance to Syariah is halal to eat but there some of meat which clearly prohibited which state in Quran.

In Melaka, industries of halal foods is growth very well and it starting to get place and attention in the market. Many industries are competitive to produce halal foods so it's quite easy for Muslims to buy and search halal foods. All halal food industries need to get an approval by *Jabatan Agama Islam Malaysia* (JAKIM) in order to get halal certificate and valid logo. JAKIM is one of the agency that has been entrusted to give the confirmation on the halal status start from 1974. Beginning 1998, halal inspection were carried out by *Syarikat Ilham Daya* which appointed by government. Start from 2002, government has decided that all certification activities will be conducted by JAKIM back. Due to the increases of problem, in 2008 all halal certification activities took over by Halal Industry Development Corporation. However in 2009, the halal certification management has returned to JAKIM while in every states, *Majlis Agama Islam Negeri* (MAIN) and *Jabatan Agama Islam Negeri* (JAIN) has given the responsibility by JAKIM in order to issue the certification.

Nowadays, halal logo has become a sensitive issue among Muslims communities. Some companies which have no responsibility have misuse and imitate the halal logo. Because of that, many different types of halal logo have been widespread use in food industries. Halal logo is the symbol that give the trustworthy for customer to select and eat the foods. It also give an effect to the customer intention in purchasing the food. Besides that, there are some customer will choose product based on the logo labelled in packaging and some customer are prefer to look at the ingredient indeed the logo itself. Different customer have different perception in choosing the foods. Consumer perception towards halal logo has impacting their intention in purchasing the foods.

1.2 Problem Statement

Halal is something that should be practiced by all Muslims. Halal is divided into work, act, food consuming and others. This research is mainly focus on food consuming by Muslims. Nowadays, halal issues are widely spread and it is the sensitive issues for Muslims. The latest issues which often dealt by communities are about Cadbury, hotdog and others. This issue has open the eyes of the community to be more cautious in purchasing the foods.

The halal logo has been release in order to help Muslims in choosing and selecting the halal foods (Borzooei & Asgari, 2016). Along the growth of halal food industries, halal logo are easy to be used and imitate especially foods which have been import from other countries. Some trader are difficult to check and do not want to go through halal procedure which designated by JAKIM. Besides that, some food packaging have the halal logo however the logo does not certified by JAKIM. As an example, a premise which producing sauce, chili sauce and vinegar used a JAKIM halal logo on the products but the logo is fake (Harian Metro, 2004). According to (Shafiq, Haque, & Omar, 2015) there are the irresponsible industries which is not followed the rule which set by JAKIM in order to get the certification.

Because of that, halal logo have been plagiarized and misused by industries and it has increased many fake halal logo. With increasing the multiple types of halal logo, it's giving a negative impact to community especially for Muslims itself. This problem will affect the customer's trust and the intention to purchase the food also will be influence. In addition, consumer perception toward halal logo is spread and influencing in the society. The intention in purchasing the foods is become more complicated due to the different types of halal logo. Because of that, the intention to purchase food have been influence their decision in choosing the foods. The trustworthy and confident in purchasing foods may disappear.

Thus, the researcher want to identify the factor that influence Muslim community in Melaka on their purchase intention toward halal logo on food packaging. Some survey will be conducted in order to know how the feedback from customer and how they are aware about the halal logo in any food packaging. This survey are focusing on Melaka City.

1.3 Research Questions

This research are related in determining the factor influencing Melaka Muslim community in purchase intention towards halal logo on the food packaging. The questions are as following:

1. What are the factors that influence consumer purchase intention towards halal logo?
2. What is the relationship between factors above and consumer purchase intention towards halal logo?
3. What is the most important factor that influence consumer purchase intention towards halal logo?

1.4 Research Objectives

As we know, there are various types of halal logo on different foods packaging that be sold in the market. Thus, this study is aims to analyse the factor influencing Melaka Muslims community in purchase intention towards halal logo. Thus, from the research questions, research objectives are focuses mainly on the following objectives:

1. To identify the factors influence the consumer purchase intention.
2. To analyse the relationship between factors above and consumer purchase intention towards halal logo.
3. To determine the most important factor that influence consumer purchase intention towards halal logo.

1.5 Scope of Study

This research focus is to identify the factor influencing customer purchase intention in Melaka towards halal logo. This research will used the data from survey which is questionnaire to collect data. Besides that, this research are mainly focus on 170 respondents to answer the questions. The respondents include male and female start from 18-60 years old above which randomly selected in shopping complex or mall in Melaka City.

In order to get the good information, the researcher are focused on the food which have been produce and pack such as soy sauce, crisps, snack and the same category with that. This research are focus only in Melaka City and only Muslims respondent was selected.

1.6 Limitation of the Study

In conducting this research, the researcher faces a number of limitations. The researcher assume that the respondents are provided honest answer which can help researcher with the real information. Since the researcher lack of experience in conducting the research, the information or data are quite difficult to collect. Besides that, time constraint also is the one factor that faces by researcher. The researcher only have several months in completing this research. Due to the limitation of time, the researcher cannot collect as much of the information from respondent and it quite difficult to analyse the customer perception. In addition, the number of respondents selected also in a small amount which are 170 respondents.

1.7 Significance of Study

The important of this research is to find out the factor influencing customer purchase intention towards halal logo. The fake of halal logo is well spread in food industries, thus the researcher want to identify the factor that influence in purchase intention among community and help in determine whether the consumer have an awareness and knowledge towards halal logo. In addition, in conducting this research the researcher can gain more knowledge and be able to understand the consumer perception beside identify how consumer think about the halal logo.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Literature review is a text of a scholarly paper, which includes the current knowledge as well as theoretical and methodological contribution to a particular topic. In this chapter, the researcher examines the past research about Muslim perception towards halal logo. The sources to get an information about the previous research is from the journals, articles, books and internet. This chapter also explains about the factor influencing the consumer purchase intention using Theory of Planned Behaviour (TPB) and the theoretical framework is developed.

2.2 Definition of Halal and Halal Food

Halal word is actually come from an Arabic which means lawful and permitted. Halal is the rule that must be followed by each of a Muslims which ordered by Allah SWT. According to (Mohamed et al., 2008) halal refers to an ethical and things which allowed for Muslims that have stated in Islamic law.

As mention about halal, people is said it about the foods that they consume. Muslims are required to search halal foods and avoid the prohibits one. This is because with consuming the halal food it can establish a good society as well as a good Muslims. It also as the dietary standards as mention in Quran (Toronto, 2007). Foods which doubtful are not recommended to be eat. Halal is not only about the ingredient contain in the foods but it also include the cleanliness, processing, preparing, handling and slaughtering aspect on producing the food.

In general, all foods are considered as halal in Islam. As long as the way to get and the process making the food is in cleans according to Islamic law. In addition, the meat have been slaughtering according Islam only can be eat other than that are prohibit or *haram* to be eat.

2.3 Halal Certification

Halal certificate is very important for food industries as the identity to meet the halal requirements (Abdul et al., 2009). All the industries that produce halal's food need to get the certificate in order to encourage and give trustworthy to consumer especially for Muslims. It also was introduces in order to protect the Muslim in choosing halal foods. Halal certificate is actually the official document which declare the halal status and also as a recognition that the products use are allowed in Islam and it was given by JAKIM, MAIN and JAIN with several procedure must be followed by industries. Starting 1st January 2012, halal certificate and logo have been standardised in all states in Malaysia and the original or real certificate and logo which issued by JAKIM only can be used. This standardization is to facilitate the consumer besides to avoid consumer confusion in purchasing the right foods. Furthermore, Malaysia is the only country where the government give full support in order to promote the halal certificate (Halal Industry Development Corporation, 2013).

Thus, to get the certificate, fee will be imposed on first registration and every renewable. The certification is valid for 2 years and once it's expired it needs to be renew. According to (Aliff et al., 2015), some food industries is not being aware about the expired date. They will remain and use the same certificate which already expired without renew it. This situation happen because of several factor. Firstly, the procedure or rule to go through is quite difficult and straight hence the time constraint make them not enough time to arrange this issue. Besides, they are too lazy to wait and the biggest factor is the manufacturers has low awareness on how important the certificate (Norhayati Rafida, Siti Mashitoh, & Alina, 2013).

2.4 Definition of Logo

Logo is define as a graphic mark or symbol that be used in commercial enterprises, organizations and individuals to aid and promote instant public recognition. The great logo may attract customer to buy the products.

2.4.1 Halal Logo

While halal logo will be given as soon as the certification is received and it refer to the symbol which certified by JAKIM. It is very important for any food packaging to have halal logo this is because the function of halal logo is to give the confident and trustworthy to customer especially Muslims whenever selecting and purchasing their foods. Besides, it was attractive artwork which appeal Muslim eyes (Ismail, Othman, Rahman, Kamarulzaman, & Rahman, 2016). According to (Borzooei & Asgari, 2016) the halal logo is very useful sign and emerge in every food packaging because it can make a distinguish with different competitors. In addition, it is very useful in food industries in order to gain and attract customer. Halal logo that given by JAKIM consist several criteria which is:

- Eight-pointed star placed in the middle of the circle
- A word-Halal in Arabic is placed in the middle of the star
- It is then followed a “HALAL” word in Roman
- The circle of the logo contains, the word "Malaysia" in Roman and Arabic
- Two small five-pointed stars are placed to separate the Roman and Arabic word



Figure 2.0: Halal logo approved by JAKIM

The logo show above only can be used in food industries. Furthermore, this logo has been standardized by all states in Malaysia and the other logo which issued by other bodies like private sectors are not applicable and cannot be use anymore. Below shows the example of the fake halal logo and the old logo issued by private sector.

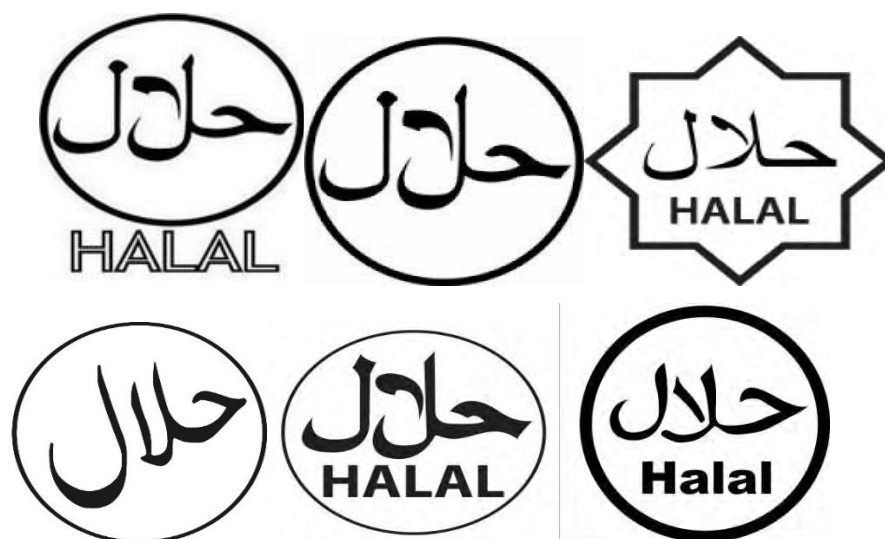


Figure 2.1: Logo not recognized by JAKIM



Figure 2.2: The old logo certified by private sector