

SUPERVISOR'S APPROVAL

‘I hereby acknowledge that I have read this work and in my opinion this it is sufficient in terms of scope and quality for the submission and award of a Degree of Bachelor of Technopreneurship with Honors’

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THE FACTORS OF CUSTOMER PURCHASE INTENTION TOWARD HALAL
COSMETICS IN MALACCA

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STUDENT'S DECLARATION

“I hereby declare that this thesis entitled “Evaluate The Factor Affecting Customer Satisfaction In Fast Food Restaurant” is my own work except for the quotations summaries that have been duly acknowledged”

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DEDICATION

I dedicated this thesis to my beloved parents: Ab Hadi bin Sulaiman and Norhaliza binti Ab. Rahim, who always supported me towards completion of this research. They also given advices, financial and moral support in order to motivate me to conduct this research until now. Thanks also to my Supervisor, Family and my friend for always support and helping me in this research.

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ABSTRACT

This study aims to identify the factors affecting consumer purchase intention in buying cosmetic products. This research also looks into the role of these three elements and its effect the cosmetic industries that are emerging nowadays. It is clearly seen that after halal food and Islamic finance, halal cosmetics would be one of the emerging sectors in this era. This research has been conducted in the district of Melaka. This research uses a survey method which involved approximately 271 respondents in answering the questionnaires. The data collected and then analysed using Statistical Package for Social Science (SPSS) for Windows version 19.0. This research also found three elements that are Halal awareness, religious belief and Halal certification (IV) towards consumer purchase intention (DV).

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This research paper will be divided into five different chapter. For the first chapter the paper will provide the introduction of the research regarding the topic of purchase intention toward halal cosmetics in Malacca. This chapter will consist all the element that contain Background of the Research, Problem Statements, Research Questions, Research Objectives, Scopes and Limitation of Research and Significance of the Research. Thus, it will give an idea why this research is conducted.

1.1 Background of studies

The focus of the research is to determine the factor that effect customer purchased intention toward Halal cosmetics in Malacca. The study will consist of three element of independent variable which is awareness, religious belief and Halal certification of the product. The first chapter will be covering the background, objectives, research questions, scope and significant of the research.

Our country, Malaysia, is a multiracial nation with a present population of 28 million peoples which Islam is also constitutionally the country's official religion, with the freedom to practise other religions. Being an Islam, a Muslim must pursue the strict principle in their daily life such as follow all the sharia laws including using Halal product while avoiding all Haram things. Halal is an Islamic expression which directs the Muslims that what is permitted to them to rehearse in daily routine or every expect of life and what is restricted for them which does not permitted to be practice in Islamic culture.

There are many initiatives that are conducted to establish Malaysia as a leading halal products and services producer. According to MITI, 2010, for its Halal products and services, Malaysia will leverage its international recognition as a contemporary and progressive Islamic country to gain access to the export markets.

Thus, one of the fast-growing Halal recognition products is cosmetic and personal care product. In this fast-growing country, cosmetic manufacturer and demand in Halal Cosmetic are growing from time to time whether in the country itself or to the global market (Ali Sher Mohamad, 2014). Other than after halal food and banking, customer these days, particularly Muslims are increasingly cognizant of what they utilize for beauty care products. In spite of, cosmetic manufacturer population appeared to grow to wind up one of the economic contributions to the country. Even though the existing awareness of Halal cosmetic is still weak, there has been increasing level of awareness concerning Halal consumers (Kaseh Dia Consulting, 2008). Consequently, since of this increasing awareness, Halal certificate is a must for cosmetic manufacturer to market their products and will act as one of the factors for customer purchase intention. As shown by Frankfurt (2009), state that consumers claimed they will purchase Halal cosmetics if the product is available.

The objective of the actualizing religious commitment with intrapersonal and interpersonal dimensions is to distinguish the effect of this construct on Halal purchase intention as well as relationship with the Halal brand. In fact, the role of buyer- brand connections is highlighted as an intervening variable between religiosity and purchase intention (Borzooei & Asgari, 2013). Therefore, comprehensive and in-depth study will be portrayed within the literature review.

1.2 Problem statement

Based on Hanzee & Ramezane (2011), the Halal industry has developed from focusing on sustenance to different ventures covering a more extensive territory of way of life and driving requests in other non-food divisions such as makeup and individual care items, toiletries, Islamic funds, and tourism. Nevertheless, the cosmetic industries were dominance by the non-Muslim nation thus monopolizing the industry which makes it more difficult for the Muslim to ensure the *Halalness* of the product. The impermissible ingredients such as alcohol can be found in many of the personal care product that is accessible within the market hence the status of the Halal of the product can be questionable.

Next, Muslim consumers' search for halal cosmetic products is rising every year due to the facts that pharmaceutical and cosmetic industry has been suspected use of enzymes extracted from gelatine or non-halal ingredient as a preservative by many famous brand (Butt 2012). Hence, this issue had caused a big problem when Muslim wants to make sure the status of the product *Halalness*. The consumer especially Muslim had gained their desire to have a product that prioritize the use of Halal ingredients of the products.

Besides, Islamic religion also can influence the purchase intention of Muslim consumers through both Islamic laws and rules of Islamic teaching (Alam, Mohd, &

Hisham, 2011). Yet, it is better to clarifying the behavioural differences between the various consumers segments in a given country by the religious beliefs of the consumers instead of religion (Delener, 1990). This is because according to Kahle, Kau, Tambyah, Tan, and Jung, (2005), some people are actively involved in their religious practices whereas others are not involved.

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.

Furthermore, another vital issue currently happen is the awareness toward Halal logo provided from other countries especially non-Muslim country such as China, Australia, United Kingdom and Japan. Although Jabatan Kebajikan Masyarakat (JAKIM) actively promote and provide information about authorized international Halal logo, not all the customer review it (Che Ghazali & Tieman, 2014). The problem can occur when there is a doubtful and confusion in customer to purchase product. In addition to the JAKIM-certified Halal logo, there are many other ' illegal ' or non-profit agencies that produce fake halal certification and logo. Consequently, customers are therefore easily deluded in the market with fake Halal logos. Abdur Razzaque and Nosheen Chaudhry (2013) suggested that the Halal logo could motivate the desire of customers to buy Halal products even if they are unaware of the Halal logo's validity. In the production of Halal consumer products, cleanliness is also crucial. Therefore, there are specific principles and guidelines for Islamic Shariah when producing clean halal products (Hussin et al., 2013).

Numerous researches have been attempted essentially concentrating on halal food product and Islamic financial. But, in the area of halal cosmetic product, there is the limited of research had been carried out (Abd Rahman, 2013). As a consequence toward the increasing demand for halal beauty care products, there is a need to attempt more research on the part of purchase behaviour toward halal cosmetic products (Kaur, Osman & Maziha 2014).

Therefore, the better understanding of cosmetic users can help manufacturer to improve their product. By having a complete knowledge about consumer purchase intention marketers will be able to deliver halal cosmetic product that is capable of meeting Muslim buyers ' demand and preference. This study aims to identify the factors that may affect the intention of buying halal cosmetic products and how halal awareness, religious belief and halal certification affect the customer buying intention.

1.3 Research Objectives

There are several questions that researcher is trying to address while conducting this study.

They are:

- i. What is the factor effecting customer purchase intention toward halal cosmetics?
- ii. How far is the relationship between the factors effecting customer purchase intention in choosing halal cosmetics?
- iii. What is the most significant factor that affect consumer purchase intention in choosing cosmetics in daily lives?

1.4 Research Questions

The objective of this study is to determine the consumer purchase intention toward halal cosmetic product. The objective of this study is as below.

- i. To identify the relationship between the factor of customer purchase intention toward halal cosmetic product.
- ii. To analyse the factor of customer purchase intention toward halal cosmetic product.
- iii. To identify the most significant factor that effect customer purchase intention toward halal cosmetic.

1.5 Scope of Study

In this study, the focus is to identify factors that influence consumer purchase intention toward halal cosmetic product in Malacca. The influencing factor will be seen in term of consumer awareness of the halal product, religious believe and halal certification. This research will be use quantitative methods by using survey questionnaire to collect data. The survey questionnaire will be distributed in some public area around Malacca. To complete the data collection for this study, about 271 respondents was targeted to answer the questionnaire. The researcher assumes the respondents are honest in answering the questionnaire and can get full cooperation from the respondent.

1.6 Significance of The Study

There are many researches carried out regarding the consumer behaviour toward Halal food products but limited in the field of cosmetics. Thus, this research is to fill the gap in the area of Halal cosmetic product. The aim is to provide significant information about consumer purchase intention toward Halal cosmetic product that will help manufacturer and marketer to enhance their product in near future. This study also contributes to improve current available knowledge regarding the cosmetic

industry by adding the factor that influence the purchase intention toward Halal certified cosmetic product in Melaka. Therefore, it will provide the information specific for consumer in Melaka thus, opening the chance for further study comparing consumer between the states in Malaysia.

1.7 Summary

In conclusion, the overall overview of this chapter is to provide the background research and current issues on consumer purchase intention toward Halal cosmetic product in Malacca. Next, it also provides the objectives, scope and importance of the research toward the Halal cosmetic industry. Then, for further research finding regarding the factor that influence consumer purchase intention toward Halal cosmetic product, it will be discuss in the following chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will be further discussing in detail regarding the relationship between Halal cosmetics purchase intention and the factor that influence it. This literature review will focus on three major factors which develop repeatedly throughout the review consisting of consumer awareness, religious belief and Halal certificate that will be explain later in the literature review. At the end of this chapter, the researcher would be able to construct a research framework which contains summarizing of this chapter.

2.2 Definition of Cosmetic Product

According to the Health Science Authority (HSA), cosmetic product means a material or ingredients that intentionally apply to the outside part of the body.

Cosmetic product includes the beauty preparation such as make-up, perfume, and face cream while also include the grooming item like shampoo and body wash. In Malaysia, cosmetic product was regulating under the Control of Drugs and Cosmetic Regulations (CDCR) 1984 which were promulgated under the Sale of Drugs Act 1952. National Pharmaceutical Regulatory Agency Ministry of Health, Malaysia is responsible to provide a guideline and experiment toward the cosmetic product in Malaysia. The guideline includes the regulatory for safety requirements, cosmetic ingredients and labelling requirements while also responsible to take an action toward the noncompliance cosmetic products.

2.3 Definition of Purchase Intention

Shah, Aziz, Jaffari, Waris, Ejaz, Fatima and Sherazi (2012) have reported that purchase intention can be characterized as customers' decision-making process to purchase a specific brand. Another researcher's state that consumers will go through the process of recognized the product to buy; at that point they will discover the information about the item, assess, buy and evaluate it (Blackwell et al. 2001). Thus, they will buy an item subsequent after making a research about the product that addressed their needs and wants. Studies have demonstrated that there are several inner as well as outside variables influencing consumers' buying intention that include age personality, and beliefs (Khaniwale, 2015).

Besides, Ajzen (1991) state that attitude will coordinates one's decision and how he/she carries on in agreement to the choice made. The concept of attitude was identified as one of the key elements in the behaviour of consumers. Based on the Kim and Chung (2011) state that purchase intention had a strong connection with the customers ' attitude. Thus, attitude also incorporates a critical and positive impact on halal product purchase intention. This statement was supported by Alam and Sayuti (2011), which state attitude, is an important factor in influencing purchasing of halal

food product because high positive attitudes appeared to have greater intentions to intent to purchase halal food products.

Meanwhile, external environment also can act as important factor in directing an individual's behaviour towards certain things. This element is call as subjective norm which means social pressure on people to perform or not to perform certain behaviour. In facts, Nilsson, Larsson and Ursing (2004), state that the imperative referents think that one ought to carry out the action and the motivation to follow to these referents. Thus, Muslim consumer may be persuaded to choose Halal cosmetic products since the demand of Sharia law (Azmi, Muslim, & Zaidi, 2010). Otherwise, the finding has indicated that the subjective norm needs to be acknowledge as the critical indicator for Muslim clients to select halal product.

Chen (2007) suggested that Perceived behavioural relates to the degree of control perceived by an person over behavioural performance. The food-related studies were broadly applying the Theory of Planned Behaviour. Miller (2005) identifies perceived control of behavior as a mechanism both for behavioral attitudes and subjective behavioral standards observed to predict real behaviour. A study Halal food purchasing intention that was carried out by Alam and Sayuti (2011) indicate that Perceived behavioral control have a positive impact toward purchasing factor. Thus, perceived behavioral control represents views about access to behavioral resources and opportunities.

2.4 Religion Belief

Essoo & Dibb (2004) state that religion plays a vital part in effecting consumer's spiritual due to nature of human being. For Muslims, religion involves an imperative portion because it encourages them to distinguish between the permissible and the prohibited in Islam (Rehman & Shabbir, 2010). Religiosities too have a solid impact on customer behaviour to purchase Halal product (Weaver and Agle, 2002).

Essoo & Dibb (2004) also pointed out that religion dictates alternative food, grocery and other goods decisions for customers to buy them. In fact, religion also can shape the person behaviour and attitude from the level of appreciation in it (Asgari 2013). Thus, can greatly influence both Muslim or non- Muslim customer to buy halal certified products and services (Borzooei & Asgari 2013).

2.5 Halal

2.5.1 Definition of Halal

Derived from Al-Quran, Islam's book of faith, the word 'Halal' means 'lawful' or 'acceptable'. In other words, it is basically a way of life and is not exclusively limited to the sorts of food that a Muslim is permitted to consume (Halal journal, 2008). While, Haram means 'prohibited' is opposite to Halal. Halal and Haram term will cover in all aspect in the Muslim life and not only limited to the food and beverage but other product. This term will be widely used to give a rule to describe food, meat, cosmetics, ingredient, drinks and other daily product. Consequently, the region of halal is expanded to all consumables such as cosmetic, toiletries and pharmaceuticals rather than exclusively cantered on food. After halal nourishment industry, halal beauty care products advertise has so much potential.

2.5.2 Concept of Halal Awareness

Halal is identified as permitting or allowing Muslims to do anything (Berry 2008). Whilst, halal knowledge or awareness is the degree to which people,