

## **The Perception of Malaysian Consumers on the Importance of Halal Logo in Their Purchasing Decision**

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**Abstract:** - Often the perceptions of Muslim consumers are taken for granted by the Muslim producers and they assume the product will be acceptable among Muslims. Hence, this paper looks into the perception of Muslim consumers in Malaysia on how important has the presence of halal logo on the packaging of food and beverages (F&B). Further, this study investigates how these consumers' perceptions affect their purchasing decision. A total of 1000 sets of self-administered questionnaires were randomly distributed among consumers throughout Malaysia. To achieve the stipulated objectives, the simple mean analysis and factor analysis were performed. The findings revealed that indeed the respondents were very concerned about the halal status of their food, exemplified through the presence of halal logo on the packaging and they were willing to spend more as long as the food are assured halal.

**Key Words:** *Perceptions, Halal Logo, Halal Branding, Malaysian Muslim consumers*

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### **I. INTRODUCTION**

Halal is a term exclusively used in Islam which means permitted or lawful, thus strict compliance with the Islamic Law must be adhered before any parties can claim that the product is halal. This study encompasses only halal food and beverages (F&B) available for the consumption of the general consumers in Malaysia. A halal tag is an indication that a product has complied with the Islamic principles of hygiene and humane treatment of animals, and other syariah rules in the process of production. The two nuances, halal and toyyib echo the religious notion of hygiene, safety and quality in consumption or utilization of the products. Some Western authors view the attribute of halal as a particular credence process comprising a quality characteristic that can hardly be evaluated or ascertained by an individual consumer [1]. Lending this perception of halal leads to the assumption that these characteristics of halal are not visible and cannot be validated by the consumers even after experiencing the food. This could yield potential quality uncertainties during the pre-purchasing stage. As a result of the complexity of the halal food production system, consumers have to rely on several factors in the food chain to ensure their food consumption are halal. Hence, the whole food chain from "farm to plate" should not only subscribe to the halal requirements but the organization through which the food is accredited with its halal status must have the credentials to be trusted by consumers. In order to uphold the halal status, the communication source and message conveyed with respect to the credence quality have to be trustworthy and believable [2]. Quality management practices such as adopting halal certification can boost customers' confidence and assurance that the food to be purchased is indeed halal. Thus, the objectives of this study are; to determine the importance of halal logo among Malaysian Muslim consumers in their intention to purchase halal products and to determine the factors influencing their purchases of halal F&B

### **II. LITERATURE REVIEW**

Generally, consumers' acceptance and familiarity with the food they consumed are determined by individual and environmental factors; such as marketing, information, situation and food specific properties [3]. In addition, evidence has shown that religion also plays an important role in influencing consumer attitudes and behavior at large [4], food purchasing decisions and eating habits [5]. Researcher argued that in many societies, religion is one of an essential considerations in food choice decision making [6]. For example, when a Muslim consumer buys a halal product, he or she is doing so because of his or her dedication to Islamic principles apart from his or her needs for the product.

The halal standard incorporates all the halal virtues entail in Islam which is not only obligatory for Muslim consumers but equally acceptable for non-Muslims, since the halal concept integrates other aspects such as a just and fair business transactions, caring for animals, environmental concerns, sustainability and other social issues. The keen interest for halal products can be seen in the Global Halal Food [7], where a strong demand for halal products is reported in a number of non-Muslim countries like India, China, United States, Philippines, France, Germany and the United Kingdom.

Although Malaysia is proclaimed as a Muslim country, there is a dearth of information on the halal status of many products consumed or used by Muslims in this country since the halal labeling of all food is not mandatory at this point in time. Therefore, it is only appropriate that Muslims are provided with detail information of the ingredients used on the packaging of the products which is seen as the easiest way of accessing the needed information. Thus, this paper has explored to what extent is a halal logo on the F&B important among Malaysian Muslim consumers when they shop for their food.

### III. METHODOLOGY

#### Empirical Framework

In their early study, [8] used the Muslims focus group to identify the critical factors and issues to be included in their questionnaires design. Based on that study, respondents were asked about the criteria they looked for when purchasing their food, the meaning of “Halal Food” and, their perceptions on halal certification of food factories and industries in Malaysia. Subsequently, these findings were incorporated in designing the questionnaires for this study and this depicts the following conceptual framework:

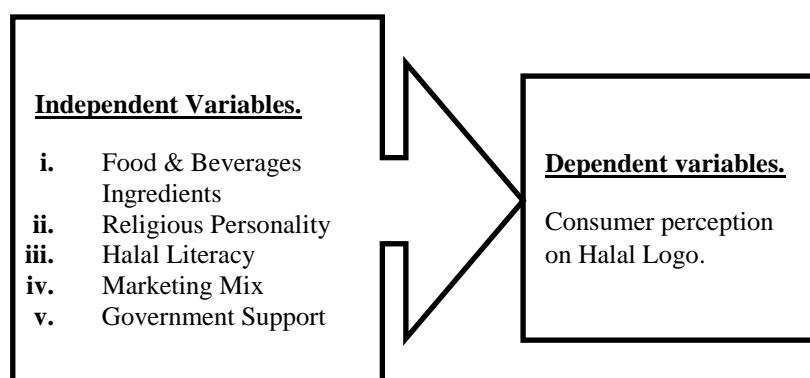


FIGURE 1: Conceptual Framework.

#### Questionnaire Design

The first part (Part 1) of the questionnaires survey captured the demographic profiles of the selected respondents, while Part 2 comprises thirteen questions which are intended to measure the respondents' perceptions towards halal logo. Similarly, Part 3 has thirteen questions which attempt to assess the respondents' perceptions on the ingredients in the F&B selected. Part 4 contains nine questions related to the marketing mix and Part 5 consists of five questions on their perceptions of the government support. In Part 6 there are ten questions which relate to the respondents' level of religiosity, while six questions in Part 7 measures the respondents' level of halal literacy. The respondents are asked to rank the given statements in descending order of importance in Part 8 on issues related to their choices of F&B. Finally, Part 9 is an open ended section which enables the respondents to give any related comments on their selection of F&B.

#### Quantitative Study

Subsequently, a total of 1,000 sets of self-administered questionnaires using the five point Likert Scale were randomly distributed among Muslim consumers throughout Malaysia. Other than the variables from the previous study, additional variables such as purchase intention [9], level of confidence on the halal status of the food products that carry the halal logo [10], brand [11] and product quality [12] were incorporated in this study. As for the construct on halal literacy, it will be measured based on prior studies of halal literacy [13].

**IV. RESULT AND DISCUSSION**

Although this study has used the mean analysis which is relatively very simple than other methods, the analysis has been very useful when analyzing the homogenous Muslim consumers. When measuring the reliability of the data, the Cronbach’s reliability coefficient  $\alpha$  for 61 items in the questionnaire is 0.815 with a response rate of 81.5%. Therefore, the items in this survey are useful, reliable and valid in assessing the factors to determine the purchase intention of Malaysian Muslim consumers.

TABLE 1: MEAN ANALYSIS

Statements	Mean Score
<b><u>Dimension 1: Consumers’ Perception towards Halal Logo</u></b>	
The <i>halal</i> logo is important before I decide to buy any products.	4.61
I don’t really bother about the <i>halal</i> logo as long as the manufacturer of the product portrays his/her image as a Muslim manufacturer.	2.85
<b><u>Dimension 2: Consumers’ Perception towards Food &amp; Beverages (F&amp;B) Ingredients.</u></b>	
I trust the Islamic Development of Malaysia (JAKIM) to observe and to implement the necessary enforcement to ensure that all F&B is <i>halal</i> .	4.47
I will purchase <i>halal</i> products even if it is arranged next to non- <i>halal</i> products in the supermarkets.	2.78
<b><u>Dimension 3: Consumers’ Perception towards the Marketing Mix</u></b>	
Price is important when choosing <i>halal</i> Foods	3.48
The location is important when purchasing <i>halal</i> Foods.	4.33

Table 1 above shows the selected statements posed to the respondents on several issues related to their perceptions of the halal logo. The statement ‘Halal logo is important for me before I decide to buy any products’ received the highest mean (4.61), which implies that the respondents’ confidence level will be much higher in the presence of halal logo on the packaging. In other words, the respondents’ perception towards the importance of halal logo enhances their confidence which leads them to buy the products. Meanwhile, the statement ‘I don’t really bother about the halal logo as long as the manufacturer of the product portrays his/her image as a Muslim manufacturer scored the lowest mean (2.85). This result reflects the sensitivity of the Muslims respondents towards the need to have a halal logo on the products regardless if the manufacturers of the products are Muslims or otherwise. On the respondents’ perceptions of the ingredients used in the F&B, the statement with the highest mean (4.47) is, ‘I trust JAKIM to observe and to implement the necessary enforcement to ensure that all F&B is halal.’ Meanwhile, the lowest mean score (2.78) is the statement ‘I will purchase halal products even if it is arranged next to non-halal products in the supermarkets.’ The low score for this statement clearly signifies the sensitivity of the respondents towards not only the ingredients used in F&B but also how the halal products are positioned in the market must strictly comply with the halal principle.

Next, the respondents were asked about their perception of halal products based on the well-known 4Ps marketing mix. The statement that scores the highest mean (4.33) is, 'Location is important before purchasing halal food.' Meanwhile, the lowest mean (3.48) is for the statement 'Price is important when choosing halal food.' Clearly, this suggests that location is the most important variable, while the price is the least important variable of the marketing mix when consumers purchase halal products. In order to determine the factors influencing consumers' purchases of halal F&B, factor analysis was performed only after the Kaiser's criterion and the Bartlett's Test of Sphericity was computed and finally, the scree plot obtained was used to assist in the decision on the number of factors retained. Thirty (30) items in the four factors; marketing mix, government's support, religious personality and halal literacy, were subjected to the factor analysis using SPSS Version 16. The 30 items of the factors are listed in Table 2 below:

TABLE 2: ITEMS IN THE FOUR FACTORS: MARKETING MIX, RELIGIOUS PERSONALITY AND HALAL LITERACY

Items in each factor	
<p><b>Marketing Mix</b></p> <p>Price is important when choosing <i>halal</i> foods.</p> <p>I will choose to purchase <i>halal</i> products even though it is quite expensive.</p> <p>Place plays an important role in purchasing <i>halal</i> foods.</p> <p>The location is important before purchasing <i>halal</i> foods.</p> <p><i>Halal</i> is widely known.</p> <p>The <i>halal</i> brand products are high quality products.</p> <p>The <i>halal</i> brand products are widely popular.</p> <p>The <i>halal</i> Brand products are reliable products.</p> <p>The <i>halal</i> brand products are superior to the non-<i>halal</i> products.</p>	<p><b>Religious Personality</b></p> <p>I frequently discuss religious issues with my friends.</p> <p>I set aside money every year for charity.</p> <p>I look for opportunities to give charity.</p> <p>I make an effort to deepen my understanding of my religion.</p> <p>I love my brothers and sisters of my religion as I love myself.</p> <p>I worry if I cannot pay debt on time.</p> <p>I respect all opinions.</p> <p>I feel worried when I hurt my parents.</p> <p>I do not expose the shortcomings of others.</p> <p>I do not neglect my friends' dignity.</p>
<p><b>Halal literacy</b></p> <p>I understand Islamic laws of <i>halal</i> and <i>haram</i> for food.</p> <p>I feel capable of differentiating which food or drinks are permissible (<i>halal</i>) and which are forbidden (<i>haram</i>)</p> <p>I don't know much about whether certain foods or drinks are permissible (<i>halal</i>) or forbidden (<i>haram</i>).</p> <p>I feel that I need the help of someone else more knowledgeable to differentiate which food or drinks are permissible (<i>halal</i>) and which are forbidden (<i>haram</i>).</p> <p>I feel that I know enough which foods or drinks are forbidden by Islam.</p> <p>I have enough knowledge to differentiate between permissible (<i>halal</i>) and forbidden (<i>haram</i>) stuff.</p>	<p><b>Government Support</b></p> <p>Overall I agree that Malaysian Government is proactive in encouraging manufacturers to use Malaysian <i>halal</i> logo.</p> <p>My country has a proper monitoring mechanism to ensure companies comply with <i>halal</i> certification.</p> <p>My government is proactive in enforcing the <i>halal</i> certification.</p> <p>My government has provided facilities for <i>halal</i> products' research centres.</p> <p>I have enough information on <i>halal</i> Certification.</p>

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy value is 0.872 (see Table 3) which exceeds the recommended value of 0.6 [14] [15] and the Bartlett's Test of Sphericity [16] test is significant ( $p=.000$ ), therefore, factor analysis is appropriate to be used in the data analysis.

TABLE 3: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.872
Bartlett's Test of Sphericity	0.000 (sig.)

Based on the Total Variance explained in Table 4 below, out of 30 components of the four factors only the first seven components have eigen values above 1 which denotes that those factors have met the cut-off criterion (extraction method). These seven components explain a total of 63.452 % of the variance while the remaining 23 components explain only 36.548%. Supported by the scree plot, only two components capture much more of the variance than the remaining components, hence, only the two components are retained.

TABLE 4: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	8.202	27.340	<b>27.340</b>
2	3.133	10.443	<b>37.783</b>
3	2.480	8.265	<b>46.048</b>
4	1.507	5.024	<b>51.072</b>
5	1.429	4.764	<b>55.835</b>
6	1.179	3.930	<b>59.766</b>
7	1.106	3.686	<b>63.452</b>

To support the interpretation of the two components, Varimax rotation was performed. The components showed a number of strong loadings (above 0.5) and from Table 5 below, we can conclude that component 1 and 2 which are marketing mix and religious personality, respectively, as the crucial factors influencing the consumers' purchases of halal F&B.

TABLE 5: ROTATED COMPONENT MATRIX

	Component	
	1	2
Marketing mix 8	.747	
Marketing mix 6	.681	
Marketing mix 3	.681	
Marketing mix 4	.674	
Marketing mix 2	.665	
Halal literacy 5	.633	
Halal literacy 2	.625	
Halal literacy 6	.608	
Halal literacy 1	.608	
Religious personality 8	.603	
Religious personality 10	.560	
Government supports 1	.541	
Government supports 3	.539	
Religious personality 5	.535	.401
Religious personality 9	.532	
Religious personality 6	.522	.344
Marketing mix 5	.506	
Government supports 2	.479	
Marketing mix 9	.389	.382
Halal literacy 3		.632

Religious personality 2	-.348	.766
Religious personality 3		.618
Religious personality 1		.604
Religious personality 4	.426	.527
Religious personality 7		.513
Government supports 5		.458
Halal literacy 4		.456
Marketing mix 7	.386	.428
Government supports 4	.371	.387
Marketing mix 1		.335

## V. CONCLUSION

This study has achieved its intended objectives which are to determine the extent of the importance of a halal logo to the Malaysian Muslim consumers when purchasing their F&B. Our findings reveal that most Malaysian Muslims are very cautious in every aspect of halal compliance to ensure that their selections of F&B meet the requirement of the religion. The presence of halal logo serves to be one of the most important criteria for the Malaysian Muslim consumers when making their purchasing decision. The results also showed that the consumers' behaviors are more refined and meticulous in ensuring their consumption encompasses all aspects of what it means to be halal to the extent of even where the halal F&B are positioned in the market.

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