

RESEARCH REPORT

**BRAND AWARENESS AMONG CONSUMERS IN MALAYSIA:
A STUDY ON HALAL BRANDING**

CODE: PPPP (R) / 2006

LEAD RESEARCHER:

MOHAMMAD NOORIZZUDDIN BIN NOOH

RESEARCHERS:

NORHAZIAH BINTI NAWAI

NURADLI RIDZWAN SHAH BIN MOHD DALI

HARTINI BINTI MOHAMMAD

**UNIVERSITI SAINS ISLAM MALAYSIA
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UNIVERSITI SAINS ISLAM MALAYSIA
جامعة العلوم الإسلامية الماليزية
ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

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Lead Researcher:

MOHAMMAD NOORIZZUDDIN BIN NOOH (S406)
(Faculty of Economics and Muamalat)
Tel:06-798 8751
Email: noorizzuddin@usim.edu.my

Researcher:

NORHAZIAH BINTI NAWAI (S380)
(Faculty of Economics and Muamalat)
Tel:06-798 8725
Email: norhaziahn@usim.edu.my

NURADLI RIDZWAN SHAH BIN MOHD DALI (S573)
(Faculty of Economics and Muamalat)
Tel:06-798 8722
Email: nuradli@usim.edu.my

HARTINI BINTI MOHAMMAD (S493)
(Faculty of Economics and Muamalat)
Tel:06-798 8276
Email: hartini@usim.edu.my

UNIVERSITI SAINS ISLAM MALAYSIA
Bandar Baru Nilai 71800 Nilai
Negeri Sembilan Darul Khusus
Web Site: www.usim.edu.my

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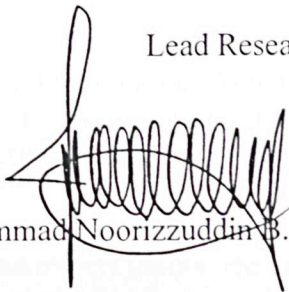
DECLARATION
Bismillahirrahmanirrahim

We hereby declare the work in this research project is our own except for quotations and summaries which have been duly acknowledged.

Date: 16 August 2007

Signature:

Lead Researcher:




Mohammad Noorizzuddin B. Nooh

Co-Researchers:



Norhaziah Binti Nawai



Nuradli Ridzwan Shah Bin Mohd Dali



Hartini Binti Mohammad

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From the desks of;

Mohammad Noorizzuddin Nooh
Norhaziah Nawai
Nuradli Ridzwan Shah Mohd Dali
Hartini Mohammad

August 16, 2006.

ABSTRACT

Since Malaysia is heading towards being a global Halal hub, this research is very crucial to give ideas on the receptions of Muslim consumers towards Halal branding. The objectives of the research are to measure the awareness of consumers towards Halal products particularly in the food product line, to determine whether the Halal logo has any influence in consumer purchase decision, to determine whether religion has any influence in purchasing Halal food products, to identify the relationship between brand image and the existence of Halal logo with the customer's purchase decisions, and to identify the relationship between price and the existence of Halal logo with the customer's purchase decision. A survey was conducted on selected 1075 samples from Johor, Malacca, Selangor, Negeri Sembilan, Kuala Lumpur, Perak, Penang, and Pahang. In terms of research tools, the researchers use descriptive analysis to analyze the frequency of each variable, factor analysis to reduce the number of variables and to detect structure in the relationship between the variables or to classify the variables, mean to measure the awareness of consumers towards halal products. For further analysis this study applied the Chi-square to determine whether the Halal certification has any influence in consumer purchase decision. ANOVA is used to determine whether religion has any influence in purchasing Halal food products. A correlation analysis is being done to analyze the relationship between variables such as brand image and price and the existence of Halal certification with the customer's purchase decisions. One significant finding is that the respondents agree that Halal products are for everybody and not only confined to Muslims consumption. Apart from that, they also believe that the Halal certification should not only be given to companies owned by Bumiputera. On the manufacturers' side, they have to improve the quality, design and packaging as well as adding values to their current products. On the government side, they have impose stricter regulation regarding Halal certification and also make grants available to Muslim entrepreneurs in terms of product development.

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CHAPTER 1

INTRODUCTION

1.1 Background of Research

Government's intention in making Malaysia as a global Halal hub has created a new playing field in which the participation of Muslims' SMIs is very much desired. The Halal hub will create opportunities for the Muslims SMIs to penetrate the Halal market such as the Middle East, the OIC countries and the rest of the world. At present, the business and commercial potential of the Halal industry is beyond doubt, with a market of 1.6 billion Muslims and an estimated market size of more than US\$600 billion (RM2.1 trillion).

According to Federal Agricultural Marketing Authority (FAMA), the market size for frozen food only will increase to RM193 billion in 2010. It is because the total population of Muslims in the world was increased 3 percent a year (Berita Harian, 1 February 2003). However, the Halal products in the market still small and is not sufficient to cater the demand. This is an opportunity for Muslims SMIs to produce Halal food with Halal branding. However, the effectiveness of Halal branding as a marketing campaign for the Muslims SMIs is crucial to ensure the success of the program. For instance, the consumers' perceptions might be indifferent when comparing two different brands in the homogeneous product line such as toothpaste. For example, one brand is benchmarking

on the Halal logo while the competing brand did not have the Halal logo on their product. Most consumers will choose a product which has quality assurance, safety, brand, low price and good packaging without looking the Halal logo.

1.2 Definition of Brand

According to Kotler. P & Armstrong. G, a brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service¹. Consumers view a brand as an important part of a product, and branding can add value to a product. For example, Darlie and Colgate is toothpaste and Pampers is a diaper. Brand is very important to promote and sell a product. Brands are more than just names and symbols.

Brands represent consumers' perceptions and feeling about a product and its performance. Everything that the product or service means to consumers. Thus, the real value of a strong brand is its power to capture consumer preference and loyalty. A powerful brand has high brand equity. Brand equity is the positive differential effect that knowing the brand name has on customer response to the product or service. A measure of a brand's equity is the extent to which customers are willing to pay more for the brand. Roland.T. R et.al found that 72 percent of customers would pay a 20 percent premium for

¹ Kotler. P & Armstrong. G. 2006. *Principles of Marketing*. 11th Edition. New Jersey. Pearson Education. P. 229

their brand of choice relative to the closest competing brand whereas 40 percent said they would pay a 50 percent premium².

Branding is important for companies intending to create a significant impact as well as gain and sustain a sizable market share in today's competitive business environment. Branding is no longer viewed merely as a marketing and communication function, but encompasses all facets of business and market differentiation strategies. Brandings helps buyers in many ways. Brand names help consumers identify products that might benefit them.

Brands also tell buyer something about product quality. Buyers who always buy the same brand know that they will get the same features, benefits, and quality each time they buy. Branding also gives the seller several advantages. The brand name becomes the basis on which a whole story can be built about a product's special qualities. The seller's brand name and trademark provide legal protection for unique product features that otherwise might be copied by competitors and branding helps the seller to segment markets.

1.3 Halal and Haram Concept

Halal is a Quranic word meaning lawful or permitted. In reference to food, it is the dietary standard, as prescribed in the Quran the Muslim scripture. General Quranic guidance dictates that all foods are Halal except those that are specifically mentioned as Haram (unlawful or Prohibited). The Al- Quran-an mentioned;

² Roland.T. R et al. 2004. "Return on Marketing: Using Customer Equity to Focus Marketing Strategy". *Journal of Marketing*. P.109-127

O ye who believe! Eat of the good things wherewith We have provided you and render thanks to Allah, if it is He whom we worship³

The unlawful foods are specifically mentioned in the Glorious Quran-an, in the following verses;

He hath forbidden you only carrion and blood and swine flesh and that which hath been immolated to any other than Allah..⁴

Forbidden unto you (for food) are: carrion, and blood, and swine flesh, and that which hath been dedicated unto any other than Allah, and the strangled, and the dead through beating, and the dead through falling from a height, and that hath been killed by the gorging of horns, and the devoured of wild beasts saving that which ye make lawful and that which hath been immolated to idols, and that ye swear by the divining arrows.

"Forbidden to you is anything that dies by itself, and blood and pork, as well as whatever has been consecrated to something besides Allah, and whatever has been strangled, beaten to death, trapped in a pit, gored, and what some beast of prey has begun to eat, unless you give it the final blow; and what has been slaughtered before some idol, or what you divide up in a raffle; (all) that is immoral!...⁵"

Consumption of alcohol and other methods of intoxication are prohibited to following guidance in Quran-an;

³ Surah Al-Baqarah; 172

⁴ Surah Al-Baqarah;173

⁵ Surah Al-Ma'idah;3

O ye who believe! Strong drinks and games of chance, and idols and divining arrows are only an infamy of Satan's handiwork, leaves it aside in order that ye may succeed⁶.

Meat is the only regulated of the food groups, Not only are blood, pork, and the meat of dead animals or those immolated to other than Allah strongly prohibited, it is also required that the Halal animals be slaughtered while pronouncing the name of Allah at the time of slaughter.

Eat of that over which the name of Allah hath been mentioned, if ye are believers in his revelations⁷.

And eat not of that whereon Allah's name hath not been mentioned, for lo! it is abomination. Lo! The devils do inspire their minions to dispute with you. But if ye obey them, ye will be in truth idolators⁸.

Islam is the natural way of life. Its economical system is just; its social system is based on cooperation and brotherhood; its political system is based on consultation and its dietary laws are very simple and beneficial for the entire humanity. The life of a Muslim revolves around the concept of Halal. A Muslim must earn income from Halal sources, be involved only in Halal transactions and consume Halal food and drink.

Staying away from Haram for the Muslim, particularly in non-Islamic society is a life-long struggle. But, if a Muslim tries sincerely, Allah Ta'ala makes this effort easy. It is obvious that Muslims should seek an education and training for themselves and for their

⁶ Surah Al-Ma'idah;90

⁷ Surah Al-An'am;119

⁸ Surah Al-An'am;122

children. Education of Muslim children cannot be complete if it fails to inculcate in them a strong faith in the superiority of Halal practices.

Islam is not a mere religion. It is a way of life with rules and manners governing every facet of life. Since food is an important part of daily life, food laws carry a special significance. Muslims are expected to eat for survival, to maintain good health and not to live for eating. In Islam, eating is considered to be a matter of worship of God like prayer, fasting, alms-giving and other religious activities.

Muslim eats to maintain a strong and healthy physique in order to be able to contribute his knowledge and effort for the welfare of the society. Muslims are supposed to make an effort to obtain the best quality nutritionally. It is mentioned in a Hadith that the Du'aa (prayer) of a person is rejected by Allah if his food is Haram. Another Hadith states that Jahannam (hell-fire) is more deserving of the flesh which has been nourished with Haram. The basic principle is that all things created by God are permitted, with a few exceptions that are specifically prohibited.

To make lawful and unlawful is the right of God alone. No human being, no matter how pious or powerful, may take this into his hands. Falsely representing unlawful as lawful is prohibited. It is unlawful to legalize God's prohibitions by excuses. Prohibiting what is permitted by God and permitting what is prohibited by God is similar to ascribing partners with God. The reasons for the prohibition are due to impurity and harmfulness. Good intentions do not make the unlawful acceptable. That is permitted is sufficient and what is prohibited is then harmful, God prohibited only things that are harmful while providing better alternatives.

All foods are considered Halal except the following, which are Haram:

- 1) Swine/pork and its by-products
- 2) Animals improperly slaughtered or dead before slaughtering
- 3) Animals killed in the name of anyone other than ALLAH (God)
- 4) Alcohol and intoxicants
- 5) Carnivorous animals, birds of prey and land animals without external ears
- 6) Blood and blood by-products
- 7) Foods contaminated with any of the above products

Islam encourages its followers to choose Halal foods. This awareness is always propagated in Muslim societies and is strengthened by the widespread knowledge extolling the virtues of consuming clean and Halal foods. Due to advancements in food technology and distribution, Muslims are more exposed to various ingredients and manufactured foods imported into Muslim countries.

The most common of these are food additives, gelatins, emulsifiers and rennet in cheese manufacture. The Muslim community would like to know whether or not the addition, the ingredients or the finished foods contain any Haram substance. These products can become Halal if the raw materials are Halal and the process is compatible with the Islamic way.

To determine the Halal-Haram status of foodstuffs and other material, Islam has laid general guidelines on this matter, namely:

- 1) All raw materials and ingredients used must be Halal.

2) Naturally Halal animals such as cattle, goats etc., must be slaughtered according to Islamic rites, the rituals specify that the act must be performed by a mentally sound Muslim, to sever the blood and respiratory channels of the animal, using a sharp cutting tool such as knife.

3) The Halal ingredients must not be mixed, or come into contact with haram materials such as products from pig or dog during storage, transport, cooking, serving etc. It must be understood that the production of Halal food is not only beneficial to Muslims, but also to food producers, by means of increased market acceptance of their products. Manufacturers and exporters of Halal products can receive Halal certification for their products from JAKIM.

There are several factors that determine the Halal/Haram status of a particular foodstuff. Amongst others, it is dependent on its nature, how it was processed and where it originated from. As an example, any pig product is considered Haram because the material itself is Haram. Whereas beef from an animal that has not been slaughtered according to Islamic rites would still be considered as Haram.

Also Haram is food that has been stolen or acquired through unethical means. Islam also prohibits the usage of any materials that are detrimental to the spiritual or mental well-being of a person, such as alcoholic drinks and drugs.

The concept of Halal in Islam has very specific motives;

- 1) To preserve the purity of religion
- 2) To safeguard the Islamic mentality

- 3) To preserve life
- 4) To safeguard property
- 5) To safeguard future generations
- 6) To maintain self-respect and integrity.

1.4 Role of JAKIM

Department of Islamic Development Malaysia (JAKIM) is the competent authority being responsible for Halal certification in Malaysia. JAKIM is responsible in ascertaining the Halal status of the products involved not only on the official site inspection of plants but also on the examination on how the Halal status of the raw material is maintained and monitored at all times. These are the terms and conditions to get Halal certification from JAKIM:

- 1) The Islamic organization must be a recognized and registered body in the country of origin
- 2) The organization shall have in its membership, members with Syariah expertise
- 3) The organization shall engage technical expertise/food scientist
- 4) The organization agrees to comply with Halal certification requirements or other requirements recommended or approved by JAKIM
- 5) The organization agrees to allow officers from JAKIM to carry out an audit on its organization and Halal procedures and system from time to time

Beside that, there are some standards that must be followed by manufacturers or producers. These standards include:

- 1) Any products containing ingredients derived from meat or poultry have been produced with Halal meat or poultry
- 2) All ingredients have been thoroughly checked and found to be acceptable under the Halal standards
- 3) All production procedures have been approved by JAKIM
- 4) All products handling procedures have been approved by JAKIM
- 5) Wherever required, JAKIM inspectors supervised the production.

The objective of JAKIM is to ensure the sanctity of Islam by adhering to the teachings of Ahli Sunnah Waljama'ah and to create peace and harmony among the Ummah through effective planning and implementation.

1.5 Problem Statement

Halal products are fast gaining worldwide recognition, and we know that this is not merely because the Muslim Ummah is growing in numbers, but perhaps more significantly, because Halal is being recognized as a new benchmark for safety and quality assurance. Halal food is highly sought after, not just by the 1.5 billion Muslims around the world, but also by people from diverse races and religions who are looking for clean and pure food.

The goal of establishing Malaysia as a global Halal hub has been the aim of the government for several years. In Malaysia, the vast majority of our population consumes Halal food and other products and services on a daily basis. Most current estimates of the size of the Halal food market worldwide are based on Muslim populations in different places, but it is believed that the actual market size and potential for growth of Halal food products are considerably underestimated. It is hoped that the strength Malaysia commands in the global Halal industry is something that all of us can benefit from, not just for Malaysians but anyone interested in the burgeoning global Halal market the world over.

This paper will analyze the awareness of Malaysian consumers towards Halal branding. The perceptions of some Muslims SMIs that Halal food is only for Muslims should be removed. In other words, Halal products or in this case, Halal food should be enjoyed by everybody regardless of their religious beliefs. By only focusing towards producing Halal products only for Muslims will further segmentized the whole market thus isolating the Muslims SMIs from the global market.

1.6 Research Objectives

This study is an attempt to fulfil these following objectives:

- 1) To measure the awareness of consumers towards Halal products particularly in the food product line.

- 2) to determine whether the Halal logo has any influence in consumer purchase decision
- 3) to determine whether religion has any influence in purchasing Halal food products
- 4) to identify the relationship between brand image and the existence of Halal logo with the customer's purchase decisions
- 5) To identify the relationship between price and the existence of Halal logo with the customer's purchase decision.

1.7 Research Questions

Whereas the problem statement of this study has been well stated, the relevant model and data should test the hypothesis empirically by answering the research questions. The major questions of this study can be addressed as follows.

1. Do consumers aware the existence of Halal logo at food products in the market?
2. Do consumers aware the types of Halal logo in the market?
3. Which Halal logo consumer prefer?
4. What are the factors influence consumers while buying food products?
5. Do the brand image and price affect the customer's purchase decision?

1.8 Significant of Research

Since Malaysia is heading towards being a global Halal hub, this research is very crucial to give ideas on the receptions of Muslim consumers towards Halal branding. This research will also recommend the most possible approach to improve current awareness towards Halal branding.

CHAPTER 2

LITERATURE REVIEW

2.1 Literature Review

Branding can contribute towards enhancing the competitiveness of the country's goods and services. Strong brand can create an identity for Malaysia by differentiating Malaysian products and services in the global market. It involves developing a branding culture throughout the organisation and requires commitment in investing towards building a lifetime relationship with the consumer.

Strong brand is nurtured over a long period and successful brand offers many rewards. Recognised brand offer competitive differentiation, fetch premium prices, lead to higher sales and offer security of demand. According to Kotler⁹, the American Marketing Association defines a brand as a name, term, sign, symbol, or design, or a combinations of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Berkowitz¹⁰ defines branding as an act in which an organization uses a name, phrase, design, symbols, or combination of these to identify its products and distinguish them from those of competitors, while brand name is any word, 'device' (design, sound, shape,

⁹ Kotler.P, Ang. S.W., Leong. S.M and Tan. C.T. 1999. Marketing Management: An Asian Perspective. 2nd Edition. Prentice Hall.

¹⁰ Berkowitz. E.N, Kerin. R.A, Hartley. S.W and Rudelius.W. 1997. Marketing. 5th Edition. Irwin.

or colour), or combination of these used to distinguish a seller's goods or services. MATRADE¹¹ defines brand as a mixture of many things, which include the company, product or service and its quality, rational and emotional features, its vision and personality, how it is positioned, how it communicates, and how it is managed. Above all, a brand is what people feel about a company, product or service, and how good an experience they get from buying it. Thus a brand identifies the seller. A brand is essentially a seller's promise to consistently deliver a specific set of feature, benefits, and services to the buyers.

According to MATRADE¹² there are a few reasons why brands are important, firstly; brands have never been more important than they are today. Given the proliferation of products and services in the global marketplace brought about by the ongoing liberalisation in the international trading environment, developments in ICT and rapid changes due to globalisation, consumers today have a wide choice of products and services to choose from. It is thus important that we develop and promote Malaysian own brand names to differentiate the country's products and services in the marketplace.

Secondly, in the world of parity where everything tends to be equal, and the world marketplace is a world of commodities, brands differentiate products. The availability of new technologies has enabled companies to easily replicate the products, systems, services and processes of others, generating major strategic problems for businesses in

¹¹ Malaysia External Trade Development Corporation (MATRADE). 2004. Branding For Export: Q&A. pg 1

¹² Ibid. pg 1.

differentiation. Added to this problem is the rapidly decreasing life cycle of products, in some cases now down to a matter of weeks.

MATRADE¹³ also identified five main benefits for companies in building a strong brand. Firstly, a strong brand will survive the most intense competition, which means that a greater mind share from the consumers will lead to a greater market share. Secondly, a brand gets companies out of the commodity trap, which means that a strong brand lowers concerns that people have with new products a company introduces, through confidence and trust they have in the brand name. Thirdly a strong brand will help a company move into other markets. When a company has developed a strong brand, it will find ready markets for it and will be able to franchise and license it more easily and profitably. Fourth, a strong brand are like glue which means that a well-known brand name conjures up all sorts of positive thoughts in people's minds when they see or hear it. And finally, powerful brands provide cost efficiencies and sustainable profits. This is because they attract customers, generate economies of scale, lower unit cost and customer loyalty.

Furthermore, MATRADE¹⁴ has defined brand awareness as a measurement of how well certain customers known the brand. It is usually category driven comparing one brand to others in the same category. Simply, brand awareness can be prompted, where consumers are given names of brands. It may also be unprompted, where no names are given and consumers are asked which brands are known to them in the category. According to Kotler brand awareness can be determined as measured either by brand recall or

¹³ Ibid. pg 4.

¹⁴ Ibid. pg 46.

recognition¹⁵. Abdalhamid Evans defines Halal as a cross-over brand that has demonstrated the ability to attract Muslims and non-Muslims alike¹⁶.

However, from the perspective of Islam, awareness gives reflection to the term Halal or Haram. According to Halal Journal, Halal refers to that which the Creator has made lawful¹⁷. Its opposite, Haram, refers to what is forbidden. These parameters have been designed for health, safety and benefits of all mankind regardless of age, faith or culture. The realm of the Halal extends beyond the obvious references to food and touches all matters that relate to human life. In the commercial arena, all goods and services, markets, transactions, currencies and other activities come under the judgements of Halal and Haram. These parameters include protecting the environment, humane treatment for animals, ethical investment, the intrinsic value of currencies and fairness in all commercial transactions.

According to Mohd. Nakhaie, things that are lawful in Islamic religion are termed as Halal and if they are unlawful then they are classified as haram¹⁸. The law of Halal and haram cover all spectrums of lives and man's activities. It is not like the ones generally understood by the public that Halal and haram have got to do with only foods and drinks and certain human actions or deeds such as gambling, fornication etc. Islamic law is based on al-Quran, al-Hadith, Ijma' (consensus) and Qiyas (deduction of analogy

¹⁵ Kotler, P., Ang S. W., Leong, S. M. and Tan, C. T. 1999. Marketing Management: An Asian Perspective. 2nd Edition. Prentice Hall.

¹⁶ Abdalhamid Evans. 2004. Brand New Paradigm. The Halal Journal. Special Issue 2004. pg. 11.

¹⁷ The Halal Journal. May & June 2006.

¹⁸ Mohd. Nakhaie Ahmad . 2005. Halal Trade Fair: Halal from Islamic Perspective. Malaysia International Halal Showcase (MIHAS).

according to the Syafie or any one of the Hanafi, Maliki or Hambali School of Thought or Fatwa approved by the relevant Islamic Authority.

A report by MATRADE showed that the global market value for Halal products is estimated USD2.1 trillion (RM8.4 trillion) and the consumer demand for Halal products is expected to increase in parallel with the increase in Muslim population all over the world¹⁹. It is estimated that there are about 1.8 billion Muslim consumers spread over 112 countries. Currently, the biggest markets for Halal products are South East Asia and West Asia.

Traditionally, the scope of Halal products is confined to food products only. Consumers normally associate Halal food as one that has undergone very stringent inspection especially on the ingredients used, safety of the food and the observance of strict hygiene and sanitation procedure by the manufacturers. The demand for Halal food is on the rise due to greater awareness among Muslims on their responsibility to consume only Halal food. Coincidentally, global awareness on how important is food safety, which has been associated with Halal food, has arisen. With advanced technology, it is now possible to analyse the contents of food products with speed and accuracy. In addition, Halal certification, which provides assurance on quality and wholesomeness, results in the increase in demand for such products.

¹⁹ Malaysia External Trade Development Corporation (MATRADE). 2005. Exporting Halal Products: Guideline for Certification of Food Products, Pharmaceuticals and Cosmetics.

Malaysia is currently in a strategic position to be a leading player in the global Halal business. Accordingly, the Malaysian Government has undertaken measures to support the development of Halal industry as identified in the Second Industrial Master Plan (1996-2005) and The National Agriculture Policy (1998-2010). In tandem with Government's call to make Malaysia as the Halal hub, the State Government of Selangor, Kedah, Malacca, Negeri Sembilan, Perak and Pahang have established industrial Halal parks in their respective states.

According to Azrina although Malaysian's awareness towards local or domestic product have been proven as increasing, however their awareness are still low compared to other countries such as Indonesia and Thailand. The main factor that contribute to this situation is because lack of information on most of the product in the markets²⁰. Even some consumers claimed that the products although with Halal logos are still unconvincing. These issues have been further aggravated when often we can read in the newspaper regarding the issue of mismanagement of the Halal logo. Due to the phenomenon above, the researchers would like to measure the awareness of the consumers thus proposing a suitable concept in promoting local Halal products.

A study was done by Rosly, Suhaila and Zainal in gauging the customers' attitude towards halal food status in Penang²¹. Their study found out that customer's attitude towards Halal logo was generally favourable with a mean of 3.978. 40% of the

²⁰ Azrina Sobian. 2006. Perbaiki Sistem Pemasaran Produk Halal Utusan Malaysia 30 Jun 2006.

²¹ Rosly Othman et. al. 2006. Customers' Attitude towards Halal Food Status: A Survey on Penang Muslim Consumers. 2nd National Conference on Entrepreneurship and Small Business 2006. Faculty of Business Management, Universiti Utara Malaysia. Vistana Hotel, Penang. 9 – 10 December 2006.

respondents will not going to buy food products that do not have Halal logo in place. Based on the percentage and the sample population, it is shocking that even though sample population is comprised of Muslims, the percentage of them buying food products that display Halal logo is very low. The researchers are using to methods which are the questionnaire method and also the observational method. When the researchers observed these sample populations purchasing behaviour, only 18% of them actually looked at the product labels and half of those actually read the label before deciding to purchase the products.

This statistics again shows that the stereotypes of Muslims will always look for Halal products and services are on the opposite. This phenomenon can happen as a result of living in a Muslim country where Muslims have become complacent by assuming that all the products and services produced, manufactured or sold in this country is Halal by nature unless being told otherwise by the relevant authorities.

Another study done to understand the consumers' perception towards Halal products was done online by Nuradli et. al²². One of the significant objectives is to determine whether perceptions on the Halal logo and ingredients between genders are significantly different. From his research, he concluded that the female consumers are more concerned that all food and other consumer products should obtain the Halal verification from JAKIM as compared to the male respondents at 5% significant level. A significant finding of the

²² Nuradli Ridzwan Shah et. al. 2007. Halal Products from the Consumers Perception: A Online Survey. Presented at Islamic Entrepreneurship Conference (iCEPs2007). Faculty of Economics and Muamalat, Kolej Universiti Sains Islam Malaysia. 19-21 January 2007.

research is that the Indians disagree with the idea of having other than JAKIM to become the authority to come up with the Halal certification.

Halal as a brand will compete with different products in the market regardless whether it is food, financial products, manufactured goods, or even other types of services. One powerful means of building brand equity is to increase the breadth of brand awareness, making sure that consumers do not overlook the brand and that they will think of purchasing or consuming it in those situations in which the brand can satisfy consumers' needs and wants²³. One of the suggested methods to boost awareness is to increase usage frequency. In a way, the manufacturers or service providers have to identify additional or new opportunities to use the brands to the public. These are the strategies to promote awareness towards consuming Halal products and services.

In ensuring that a brand, in this case Halal, will be accepted, the government has to strategize on brand positioning. Professor David Aaker believes that positioning is closely related to the association and image concepts except that it implies a frame of reference, the reference point usually being competition²⁴. How are the government going to position Halal? Will it be by Muslims for Muslims? Will it be Halal as a sign of religious conformity? Will it be Halal as a lifestyle? Or Halal as a standard of quality? These are some examples in which the government can undertake in order to promote brand awareness. All in all, there is a lot of approaches can be taken not only by the

²³ Kevin Lane Keller. 2003 Strategic Brand Management. Building, Measuring, and Managing Brand Equity 2nd Edition. Prentice Hall. Pg 654.

²⁴ Joe Marconi. 1994. Beyond Branding. S. Abdul Majeed & Co. Kuala Lumpur. Pg. 38.

government, but also the manufacturers, service providers and also the public in promoting Halal as a brand.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Halal products and services cover a wide spectrum of product and service lines ranging from insurance, financial products, food, and also personal hygiene products. For this particular study, emphasis will be given only to the food and beverages industry because when discussing about Halal, this particular industry will be the first to be analyzed and scrutinized. This chapter explains the methodology employed in conducting this study. The discussion is organized according to several sub-chapters which are sample of data, source of information and data collection, questionnaire design and data analysis.

3.2 Sample of data

The method of sampling is through cluster sampling based on locations with high purchasing power. The choice of locations is made based on the purchasing power that these sample have. This is because when the purchasing power is significantly high, the consumers will have a lot of choices to be made in terms of purchase decision. Thus samples from these selected locations are believed to be significant to best represent the Malaysian overall market. To justify the decision to use purchasing power in segmentizing the sample, the researchers are using mean monthly household income and also percentage of incidence of poverty as indicators. The researchers have set RM2000

or higher as the basis for the mean household income and 5% or lower as the basis for the percentage of incidence of poverty in choosing the states in which the respondents are selected from.

According to the data from Household Income Survey (2004) there are 8 states that fall under those particular categories. The states are Perak (mean household income RM2207, incidence of poverty 4.9%), Pulau Pinang (mean household income RM3531, incidence of poverty 0.3%), Melaka (mean household income RM2792, incidence of poverty 1.8%), Negeri Sembilan (mean household income RM2886, incidence of poverty 1.4%), Selangor (mean household income RM5175, incidence of poverty 1.0%), Wilayah Persekutuan Kuala Lumpur (mean household income RM5011, incidence of poverty 1.5%), Johor (mean household income RM3076, incidence of poverty 2.0%) and Pahang (mean household income RM2410, incidence of poverty 4.0%) (9th Malaysia Plan, p 358). The other states have mean monthly household income below RM2000 or percentage of incidence of poverty higher than 5% of the total state population.

The numbers of the sample which have been collected are 1075 respondents. Despite of the 8 states that have been chosen, the researchers have also distributed the questionnaires at several Halal food and product exhibition such as MIHAS in KLCC and Pekan Fest.

3.3 Sources of Information and Data Collection

The data is basically obtained from two main sources that include both primary and secondary sources. The researchers have design and conduct a survey through questionnaires, which are distributed personally by the researcher or using enumerator to the potential respondents. The questionnaire is design in specific manner based on the goals of the study.

On the other hand, the secondary data are obtained through publications done by trade associations to develop internal and external assessments of the sample companies involved and the branding method used as well. This had also been accompanied by library and Internet researches that have further facilitate and strengthen the understanding on the subject matter.

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