THE INFLUENCE OF ATTITUDE, SUBJECTIVE NORMS AND PRODUCT BRAND IMAGE TOWARD PURCHASE INTENTION OF PRODUCTS PREVIOUSLY RETRACTED OFF ITS HALAL CERTIFICATION

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ABSTRACT

Over the last decade, Malaysia has faced several cases of Halal certifications of products being retracted by the country’s religious department, JAKIM. Every time a case happens, Muslim consumers will be wary when purchasing the products involved, mainly fueled by the doubt that they have over the sanctity of the products, even after the Halal certification has been reinstated. Hence, this study intends to investigate the factors that may influence Malaysian Muslims’ purchase intention of previously retracted Halal products. This study proposed attitude and subjective norms (from Theory of Reasoned Action) and Brand Image as the predictors of purchase intention. It is argued that there is a significant relationship between these predictors and the purchase intention of these products. Thus, this research is expected to contribute knowledge to the parties involved in the industries, especially for marketers of products, to attract and retain their consumer base, if or when halal certificate retraction happens.

Keywords: Subjective norms, brand image, purchase intention, halal certification, retraction

1. Introduction

In today’s globalized world, consumers have become more knowledgeable, responsive and very sensitive to their surroundings. The growing awareness of consuming halal food and the increase of Muslim global population has led to the demand of halal food. Malaysia, with Islam as the official religion, has been exceedingly prioritizing halal in various kinds of matter. It is important to note that Halal does not only cover food and drinks, but also non-food such as pharmaceutical and cosmetic products.

Halal has brought great changes in the areas of trade and investment, breaking down economic barriers. The current growth and size of the Islamic economy has demonstrated a striking record of reaching a lucrative market of USD2.3 trillion (MYR9.2 trillion), that is propelled by the purchasing demand of 1.8 billion Muslims adhered worldwide. With the rise of new and emerging sectors, the
Halal Economy is set to stabilize further, unlocking innovative business prospects and superiority recognition. The figure includes Islamic banking and all the other Halal components, of which USD700 billion (MYR2,800 billion) is from Halal alone (World Halal Conference, 2016).

The global interest in halal is growing day by day. Brazil is the world’s second top exporter of meat and poultry to Muslim-majority countries after Australia. The aim of UAE is to be the Sharia-compliant centre and they will be focusing on Islamic Banking and halal businesses (Global Islamic Report, 2014). While in Thailand, the domestic halal food market has grown 20% a year in which 8,000 companies are involved in halal food production. Additionally, halal has become one of the key sources of contributors to Japan’s economy by 2020. But then again, Malaysia is still the leader in the halal ingredients. Matter-of-factly, in 2014, halal exports were more than USD11 billion (MYR44 billion). Malaysia is thus far the largest exporter of halal ingredients to China, USA, Indonesia and Japan (Global Islamic Report, 2014).

Countries that produce halal products and services are conscientiously working to find ways to create better multilateral trade and investment within the halal industry. Deliberations to create a global halal trade network are in the pipeline, as it generates investment opportunities and strengthens multilateral trade amongst halal based industries. Bilateral trade agreements in the areas of eliminating tariffs, import quotas, export restraints and other trade barriers could contribute to the creation of an international industry worth USD3.7 trillion (MYR14.8 trillion) by 2019 as reported by Global Islamic Report 2014-2015 (World Halal Conference, 2016).

2. Halal Certification

Malaysia Halal Certificate is an official document stating the Halal status of products and/ or services according to the Malaysia Halal Certification scheme issued by the competent authority (Manual Procedure for Malaysia Halal Certification (Third Revision), 2014). In Malaysia, Halal certification is issued by a department that has the power to operate the service in connection with Islamic affairs which is Department of Islamic Development Malaysia (JAKIM). JAKIM will be the place for marketers to apply for halal certification for their companies, products and services.

Firstly, marketers shall apply the Halal certification by means of online via MYeHALAL. After the submission, the completed applications that are deemed as qualified according to certain criteria/scheme by JAKIM shall receive a letter requesting payment for the certification fee (Manual Procedure for Malaysia Halal Certification (Third Revision), 2014). After the required application procedures are fulfilled, the audit will be carried out by two auditors from Islamic education and technical matters. The auditors have the authority to take samples of products, raw materials, ingredients with a doubtful Halal status for laboratory analysis according to the standard. A report will be prepared by the technical inspector based on the site inspection. The report will be evaluated by a committee in JAKIM. If everything is in order, then JAKIM will issue the Halal certificate to the company. The duration of the certificate shall be renewed every two years, except for the slaughterhouse which is one year (Manual Procedure for Malaysia Halal Certification (Third Revision), 2014).

However, during routine/random inspections along the certification period, if auditors were to discover certain violations from the halal procedure laid down by JAKIM, auditors are entitled to temporarily retract the halal certificate. The Notice of Malaysia Halal Certificate Suspension will be
issued and the Halal certificate will be suspended if the company fails to do the corrective action within the stipulated time (Manual Procedure for Malaysia Halal Certification (Third Revision), 2014). At the time when the halal certificate is suspended, the marketers are not allowed to sell their services and products to consumers. The Manual Procedure for Malaysia Halal Certification (Third Revision), (2014) also stated that, JAKIM shall announce to the public that halal certifications of certain products would be retracted for a specific period of time. Within the time that the certification is retracted, the marketers shall appeal in writing to the Appeal Panel within two weeks. However, if the marketers have fulfilled all halal conditions appropriately, then the halal certification panel in JAKIM shall return their halal certification. JAKIM shall announce again that the products/services has been reinstated with their halal certification and thus they are halal to consume (Manual Procedure for Malaysia Halal Certification (Third Revision), 2014).

3. Halal Certification Retraction

The word ‘retract’ is defined as to move back in the main part or to pull something back into the main part of something. While ‘retraction’ is defined as a statement saying that something you previously said or wrote is not true (Oxford Advanced Learner’s Dictionary, 2010).

In this study, the word ‘retracted’ or ‘retraction’ focuses only on the Halal certification of products and not the products themselves. This means that the Halal certification that was given to a certain company’s products was retracted (withdrawn), pending further investigation on the issue. At that period of time, the company was not allowed to use the Halal logo, until after it was given the permission to use it again. The company’s product may be produced and marketed, but without the halal logo.

However, after the company is allowed to use the Halal logo again, the probability of consumers having doubts, or have already formed a skeptical perspective towards the halal status of the products is indubitably high. Such circumstance may occur mainly because of the previous retraction of the Halal certificate. Hence, this study is investigating consumer’s reaction to the products, even after their Halal certification has been reinstated. Specifically, it focuses on the factors affecting the consumers’ purchase intention of the products with histories of the halal certification being retracted.

4. Motivation of Study

The motivation for this study can be broken into three parts which are the cases of previously retracted Halal certified products, the impact of words the industries and the lack of investigation into the topic.

First, an industry review has revealed six major cases that happened previously in Malaysia. The first issue was regarding the hi-5 bread brand where the company was suspected using non-halal substances and did not uphold the hygienic condition of the factory (Berita Harian, 2006). Second, the poultry meat in Tesco supplied by Perak Duck Food Industries Sdn Bhd (CKL Marketing Sdn Bhd) was accused of selling chickens which are not slaughtered properly according to the JAKIM procedure (Berita Harian, 2008). Third, the case of HyFresh poultry meat in Tesco was also about
non-proper slaughtering procedure (Utusan Online, 2010). Fourth, the issue regarding Cadbury Company’s halal certification, which was retracted by the Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia, 2014). Fifth, the halal certificate of a chicken slaughterhouse, PCK Processing and Marketing Enterprise, was retracted by Perak Islamic Religious Department (JAIPK) due to the violation of the Malaysian Halal Certification during audit (Utusan Online, 2015). Lastly, the issue of Department of Islamic Development Malaysia revoking the halal certification of the Secret Recipe Restaurants due to hygiene offense (Astro Awani, 2015). As the result of the following issues, the acceptance and demand of the consumers toward the products decreased unexpectedly. In the Cadbury case, the NGO wanted to sue Cadbury Company for about MYR100 million (Utusan Online, 2014). Due to this recent happenings in Malaysia, the researchers are trying to investigate the purchase intention of Muslims in Malaysia towards these products to recommend ways in which the companies can cope and strategize to strengthen the image again.

Second, taking into consideration the high impact these cases have on companies’ sales and profit, researchers need to understand Muslim consumers’ attitude and other factors that might affect their future consumption of these products. For example, Cadbury suffered huge losses due to the boycott from consumers. Even after JAKIM announced the reinstatement of the halal certification, consumers still doubt the halalness of the product, which affected their purchase of the products. Thus, the significant effects are laid onto the marketers, especially on the manufacturer’s image and profitability (The Malaysian Times, 2014).

Third, to the current knowledge of the researcher, there are still no known published studies on this topic. There are, however, a few studies on the issue of traceability and product recall of halal products, however they focus more on the companies, and not on the consumers. One particular research investigated the role of traceability and the impacts of product recall to the producer and methods that were used by the company to recover the reputation of their company from the negative impacts of product recall (Zurina, Siti Zamanira et al., 2014). Kalentunc and Ozadali (1999) interpreted product recall as a process that removes products from the market that do not follow the requirement of the legislation. Consumers may stop using the product or not purchase the products anymore due to the product recall (Siomkos and Kurzbard, 1994).

5. Literature Review

5.1 Purchase Intention

Arnitage and Conner (2001) mentioned that intention is recognised as the motivation for a person to engage in a certain behaviour. Besides that, intention is a state of a person’s willingness to perform the behaviour, and it is considered as an intermediate antecedent of behaviour (Ajzen, 1985). Purchase intention is also defined as the likelihood for a consumer to buy a particular product or services (Dodd & Supa, 2011; Sam & Tahir, 2009).

According to Borzooei and Asgari (2014) an increase in purchase intention is always looked forward by every player in the industry as it is the most crucial part in capturing the market, as well as enabling to foresee the behaviour of consumers especially that are related to purchase behaviour. In order to boost purchase intention, its constructs need to be evaluated considerably.
5.2 Theory of Reasoned Action (TRA)

Theory of reasoned action is the most relevant theoretical model to be applied in this study. According to the Theory of Reasoned Action (TRA), a person’s intention is a function of two basic determinants: one personal in nature and the other reflecting social influence. The personal determinant is the individual’s positive or negative evaluation of performing the behaviour. It is related to the attitudes towards behaviour and not with the traditional attitudes like institutions, objects or peoples (Ajzen, 1985). The second determinant is the perception of the person on the social pressures which put him to perform or not to perform the behaviour. Since it deals with perceived prescriptions, this factor is termed as subjective norms. Consequently, people tend to perform a behaviour when they think it is positive and they believe that it is important for others to think they should perform it (Ajzen, 1985). In this paper, the TRA model will be tested along with brand image to measure the consumers’ purchase intention towards products that were previously retracted off its halal certification.

5.2.1 Attitude

Attitude is the appraisal of performing a certain behaviour involving the attitude object such as buying the product (Blackwell et al., 2006). Ajzen (1991) reviewed attitude as the degree to a person having favourable and unfavourable appraisal or evaluation of behaviour in question. In his studies, he argued that “the more favourable the attitude with respect to a behaviour, the stronger is the individual’s intention to perform the behaviour under the consideration”.

In their study, Lada et al., (2010) found a positive relationship between attitude and consumer purchase intention of halal food products in Malaysia. Attitude also has a strong positive relationship with consumer purchase intention (Alam and Sayuti, 2011) and a positive relationship was found between attitude and purchase intention through the innovation-oriented consumers (Choo et al., 2004). Not only that, the research by Tarkiainen and Sundqvist (2011) that has been conducted on food buying behaviours of individuals also showed a strong positive impact between individual attitude and purchase intention.

Mukhtar and Butt’s (2012) study which also focused on halal food, has exposed a significant relationship between the attitude to purchase it and halal food purchase intention. It was shown that attitude did have a significant relationship with consumer purchase intention toward halal foods in Malaysia. Hence, on the same note, it is argued that in the context of this study, the attitude of Muslim consumers towards products that were previously retracted off its halal certification will influence their purchase intention. Hence, this study proposes that:

H1: There is a significant relationship between Malaysian Muslim consumers’ attitude and purchase intention of products that were previously retracted off its halal certification

5.2.2 Subjective Norms

Alam and Sayuti (2011) indicated that subjective norms are the perceived social pressure that can influence consumers’ decisions to purchase halal foods. Subjective norms is defined as “a person’s perception of the social pressure put on him/her to perform or not to perform the behaviour in
question” (Lada et al., 2009). While Thompson and Thompson (1996) stated that it is also a function of beliefs that was predicted by the normative beliefs which is what other people would advise. Subjective norms deal with the consumer’s motivation to perform the behaviour, which is constructed to incorporate the approval and disapproval of others important to him or her (Chen, 2008).

It is known that subjective norm plays an important role in Malaysia, where colleagues, friends and family members are the consumers’ strong reference point. This is supported by Lada et al., (2009)’s findings where subjective norms were found to be the most influential motive in purchase intention of halal products. Chang (1998) also found that there is a casual path between subjective norms and intention. Similarly, in the study of Mukhtar and Butt (2012), subjective norms turned out to be the strongest of all the predictors in choosing Halal foods. The study of Chang (1998) and Tarkiainen and Sundqvist (2005) showed subjective norms to be the most influential predictor of intention to choose halal products. According to the Haziq, Hisyam & Veera (2014) respondent’s intention to purchase is most influenced by subjective norms. This is also consistent with the research by Karijin et al., (2007) and Kamarah and Muslim (2007), where these studies found that subjective norms have positive significant relationship with purchase intention.

The above-mentioned researches function as a solid indication to ground the researcher’s argument which suggest that subjective norms have a significant relationship with purchase intention of halal products. Along the same line, this research argues that family members, friends and colleagues will assert pressure to other individuals about products which were previously retracted their halal certification. For example, when there are family members who pressure a consumer not to purchase a such a product due to doubtful halal status, most likely, the consumer will be influenced by their word-of-mouth since they are the primary reference group of the consumer. Thus, the following hypothesis is proposed:

H2: There is a significant relationship between Malaysian Muslim consumers’ subjective norms and purchase intention of products that were previously retracted off its halal certification

5.3 Product Brand Image

Brand image is an important cue during the process of consumer making decision (Lin and Lin, 2007). Keller (2001) has pointed out that brand image is the perception of the brand which responded to the brand association in consumers’ memories. The key factor to purchase intention and cause for the consumers’ purchase is the favourable brand image (Jo, Myung Soo, Nakamoto & Nelson, 2003; Keller, 1993; Shen & Chou, 2006). Besides that, the main factor of why consumers purchase a specific product is based on the well-known brand image (Macdonald & Sharp, 2000). Brand image is also regarded as the description offers by a company which includes the symbolic meaning through specific attributes of the products and services (Winarsu, 2012).

A study by Hsueh & Lee (2008) concluded that brand image appears influential on purchase intention. Chien (2013) found in his research that, brand image could enhance purchase intention where it is apparent that consumers would purchase catering service which has a favourable brand image. This relationship is further supported by the research from Achmad and Djumilah et al (2014) which found that brand image has a positive significant influence on purchase intention.
In this study’s context, it is also argued that brand image plays a role in the purchase intention of previously retracted halal products. For example, Cadbury Chocolate’s brand image is very well established in Malaysia and the whole world. Even though Cadbury’s halal certification in Malaysia has had a history of being retracted before, but after it has been reinstated, loyal consumers still buy the chocolate, arguably due to its established brand image. The positive brand image gives confidence to consumers to purchase them even after undergoing a negative experience. Thus, the following hypothesis is proposed:

H3: There is a significant relationship between product brand image and the Malaysian Muslim consumers’ purchase intention of products that were previously retracted off its halal certification.

6. Conceptual Framework

Below is the proposed conceptual framework indicating the influence of attitude, subjective norms and product brand image toward purchase intention of products that were previously retracted off its halal certification.

7. Methodology

This research study will adopt a quantitative research method using survey questionnaires. The survey is done to collect information from or about people to compare, explain or describe their attitudes, knowledge and behaviour (Fink, 2003). In other words, it is also an attempt to collect data from a group of population in order to determine the current status of that population with respect to one or more variables (Gay and Diehl, 1992). The target respondent in this study is focused on the Malaysian Muslim consumers, from 18 to 60 years old and they must have had experience purchasing any products that were previously retracted off its halal certification before. The survey questionnaires will be personally administered to respondents to assist and ease their understanding about the research topic while completing the questionnaire. A total of 300 respondents will be targeted for this study, located in four regions in Peninsular Malaysia which are the northern, eastern, southern and central regions (Perak, Kelantan, Terengganu, Selangor and Negeri Sembilan).
In this study, the sampling method that will be applied is convenience sampling. Sekaran (2003) mentioned that convenience sampling refers to the collection of information from members of the population who are conveniently available to provide it. It is most often used during the exploratory phase of a research project and is perhaps the best way to get the information quickly and efficiently (Sekaran, 2003). The convenience sampling might be held at shopping malls, neighbourhood areas in the city and students from colleges. The data in this study will be analysed using multiple regression analysis using SPSS. Multiple regression analysis will be used to test the hypotheses (H1, H2 and H3) while also predicting and measuring the most significant factor influencing purchase intention in this context.

8. Discussion

The objective of this research is to examine the influence of attitude, subjective norms and product brand image towards purchase intention of products previously retracted off its halal certification. This research will provide useful information to food marketers in improving their products. Thus, it is very important for the producers and marketers to consider these factors in order to regain confidence from the consumers. The food marketers can optimize the information to find solutions to retain their existing and loyal consumers toward their halal products.

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