Halal Decision Making: Selection of Non-Food Products

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Abstract

Purpose: The aim of this paper is to explore the decision-making process of consumers in purchasing halal non-food products

Design/methodology/approach: Qualitative interviews through focus groups

Findings: The findings suggest that halal logo play a role among other factors such as need, want, price and others

Research limitations/implications: The research focus on millennial students who are Muslims. Other demographics, such as families as well as non-Muslims would give a more in-depth look at this area

Practical implications: The industry need to ensure the trustworthiness of the halal logo through ensuring global standardization of both halal logo in Malaysia as well as from other countries

Originality/value: Focus on the purchase of halal non-food product decision making process through interviews

Keywords: Halal Industry, Decision making, Non-food products

Introduction

The halal industry is increasingly becoming an important economic driver in contributing to the nation's GDP. Across the globe, halal industry is worth more than US$2.3 trillion (Statista, Azam & Abdullah, 2020) with the global Muslim population of around 2.8 billion (Azam & Abdullah, 2020). The halal industry is expected to grow in parallel to the growth of the Muslim population. According to a report by Halal Industry Development Corporation (HDC), in year 2030, the global Muslim population will increase to about 27 per cent of the world's total population which accounts for up to more than two billion Muslims.

Halal, which is an Arabic origin word and defined by IFANCA (Islamic Food and Nutrition Council of America) as legal, allowed means, corresponding to religious rules, not being forbidden by religion, antonym of haram a thing which does not contain anything inconvenient for Muslims to consume (Zakaria, 2008) allowed by Quran, lawful (Dali, 2008), permissible, hygienic or healthy (Shafie and Othman, 2006).

Despite the importance of the Halal market segment and the growing revenues, nevertheless, not much has been done to understand on Muslim consumers. The issues relating to Muslim's specific attitude and food choices remain under research. There is still limited literature on investigating the determinants of Halal consumption (Bonne et al., 2007).

It is important for a Muslim to understand the concept of Halal Food and must understand and appreciate the concept of Halal and Haram that meet the demands of the religion (CAP, 2006). Understanding the concept of Halal Food means personal knowledge and belief that associates with Halal food consumption issues.

The main challenge that arises is the different interpretations of what Muslims considers as Halal and the different interpretations of this has led to confusion, misunderstanding and even fraud (Mariam 2006, Bonne 2009). However, most of the literature has focused on the food and banking sectors. There are still unexplored sectors such as the clothing, textile, household products, and electronics that need further investigation on how the purchasing decision are made. These other sectors could be considered as 'Non-food' products and this definition is used for this paper.

Literature Review

One of the theories that have been developed to study consumer consumption is the Theory of Halal Decision Making Paradigm (Wilson and Liu, 2011). According to this theory, halal decision is explained to be influenced by cognitive and affective factors, which, in turn, result in cognitive factors. One way to extend this model is by investigating further the purchasing decisions of Muslim consumers in the non-food sectors. It is important to know whether Muslim values are practiced by these organizations and whether the values are important to the Muslim consumers. Therefore, it is imperative to explore factors that direct Muslim consumers in making purchase decisions towards these products. Non-food also is an industry less explored compared to other industries such as food, pharmaceuticals, while banking and tourism are more towards services. Also, non-food are also important to our daily life and are necessities, like detergent, soap and textile and toothpaste.

Azam and Abdullah (2020) noted that the concept 'halal' is no longer depicting only halal food products, but rather other non-food products also. The authors noted that a study by Elasrag (2016) stated that the halal industry now encompass product sectors such as "pharmaceuticals, health products, toiletries, and cosmetics, but also in-service sectors like marketing, supply chain, logistic, packaging, manufacturing, branding, and financing" as well as "lifestyle offerings like travel & tourism, hospitality management, and fashion industry" (Azam & Abdullah, 2020).

Purchasing halal food products include several factors that influence customers' purchase decision such as consumers' religiousness, confidence and trust towards Halal logo, income levels, education levels, access to information, demand for convenience good and rising health concerns (Sungkar, 2010).

Hasan (2016) on her research on perceptions of Halal logo found that consumers' confidence towards Halal logo were as follows. The most trustworthy Halal Logo was Halal Malaysia (98%), while 71% could accept other Halal logos. While only 3% believed that as long as food products are sold in Malaysia, they are Halal. The author concluded that awareness and knowledge of Halal concept varies among respondents and suggest that some respondent could be very particular with need for Halal Logs, but others could be less so, with products from Islamic countries or Arabic/Islamic brand considered as Halal.

In their paper, Azam and Abdullah (2020) concluded that the global halal industry is facing challenges among which include standardisation of standards as well as global recognition and adoption, alternative ingredients and ultimately ensuring halal integrity in the supply chain.

With these challenges in the supply side of the industry, it is imperative that an understanding of the demand side, i.e. the consumers is also needed, particularly in the non-food products as well as the impact of the non-standardisation of global standards and how this impact the consumers' decision making process. In addition, for the millennial consumer, does the Halal standards play a major role or does the typical factor of need and wants of the purchasing decision behaviour play a bigger role? Thus, a research gap exists when looking at the above issues, in that there is a need for understanding the process that customers make when making the decision of purchasing halal products, particularly for non-food products. Are customers using similar decision process for halal food products, for halal non-food products?

The literature suggests that an understanding of the consumers decision making process of purchasing halal products, particularly non-food products is needed. Thus, the aim of this paper is to explore the decision-making process of consumers in purchasing halal non-food products.

Methods

In this study, qualitative research using focus group approach was used. Interviews were conducted with business major students through three focus groups. Some studies have suggested qualitative studies to assist in collecting data. For example, Manoli and Bekiari (2015) suggest qualitative interviews of students could enhance data through triangulation rather than just based on students' self-reports. A total of 14 students were interviewed with five in the first focus group, six in the second focus group and three in the third group. These students were selected as some were in their final year of their studies while some were in their first year. Students were selected as the study wanted to gather perspectives from the millennium generation on their perspective of non-food purchase, including halal products. The first focus group consisted of students taking a strategic management course, while the second focus group consisted of students taking an entrepreneurship course and the third group were students who were taking a marketing course. All students were Muslims. Miles and Huberman's method (1994) was used to analyse the data. Interviews were transcribed, data were coded and arranged into tables and matrices and conclusions were drawn and verified based on the three-phase analysis as suggested by the authors. Based on Miles and Huberman(1994), the authors state that qualitative data analysis consists of "three concurrent flows of activity: data reduction, data display, and conclusion drawing/verification" (1994, p. 10). For this research, in the focus groups, students were asked their opinion on the products that they purchased, both halal food products as well as halal non-food products. They were asked on how they purchased their products as well as the decision-making process when buying these products. Once the interviews were transcribed, data was 'reduced' in that major ideas and themes were identified. Then these ideas and themes were coded and 'displayed' through tables. The data in these tables were further analysed and cross analysis if needed for further deeper analysis and finally, conclusions were drawn as well as verified. These steps were taken based on Miles and Huberman (1994) three-phase analysis.

Findings

Case Profile

The case profile is as below. The total respondents for the research is 14. Respondents were selected from students attending classes conducted by the researchers in the courses of Strategic Management, Entrepreneur and Marketing. All of the respondents were female except for 1 student. 11 of the students were in their final year of studies at the university, while 3 other students were in their second year of studies.

The students were interviewed in groups – a total of 3 groups were conducted for the research study. Research has suggested that interviewing people in groups encouraged more observations and comments compared to individuals. In addition, as students, for most of them, this would have been their first time being interviewed, and by their lecturers, who have a position of authority. Thus, they might have been intimidated, and thus being interviewed in groups would have given them more confidence.

To ensure anonymity and to encourage responses, students were informed that data collected will be annonymised to ensure confidentiality. Thus, the case profile is annonymised with reference that does not identify the students.

CASE PROFILE

	RESPONDENT		CLASS	GENDER	GROUP
1	S1	MU	Strategic Management	Female	1
2	S2	NF	Strategic Management	Female	1
3	S3	NA	Strategic Management	Female	1
4	S4	UH	Strategic Management	Female	1
5	S5	TP	Strategic Management	Female	1
6	S6	QS	Entrepreneur	Female	2
7	S7	HS	Entrepreneur	Female	2
8	S8	TA	Entrepreneur	Female	2
9	S9	YS	Entrepreneur	Female	2
10	S10	AN	Entrepreneur	Female	2
11	S11	AH	Entrepreneur	Female	2
12	S12	AW	Marketing	Female	3
13	S13	ID	Marketing	Female	3
14	S14	KL	Marketing	Male	3

Decision Process – Non-Food Top 3 Factors

TABLE 1: TOP 3 FACTORS IN DECISION PROCESS: NON FOOD

	STUDENT	NEED	BRAND/ TYPE	HALAL LOGO	PRICE	REVIEW	INGRE- DIENT	PEER/ FAMILY	BUY/ TEST/ OTHER
1	S1MU			1		3	2	4	
2	S2NF	1	2			3	4		
3	S3NA					1			2
4	S4UH	1		5	3	2	4		
5	S5TP	1				2			
6	S6QS	3	1			2			
7	S7HS				1		2		
8	S8TA		1		3	2	4		
9	S9YS		2			1			
10	S10AN	1			2	4	3		
11	S11AH					3		2	1
12	S12AW			2			1		
13	S13ID	1		3			2		
14	S14KL			1				2	
	Mentioned	6x	4x	5x	4x	10x	8x	3x	2x

Decision Process

In the first area of the research, the interviewers asked the respondents on their decision process when they buy non-food products. The respondents were asked to respond to how they would

purchase any product that is not food related or non-digestible. The interviewers gave examples such as cosmetics or pharmaceuticals – such as skin-care products.

Their responses were coded based on the factor or process that they first state when mentioning how they would purchase their products. Similar statements were grouped into similar categories such as Need for product, Brand or Type of product, Halal Logo on the product, Price, Reviews on the products, Ingredients, if Family or Peer (friends etc.) had any influence on the purchase decision, and other responses such as testing or previous buying experience and other similar responses.

The responses from the students were grouped and presented in Table 1 as follows:

For each type of categories that is mentioned by the students, this is taken into account

The researchers also took into account, which of these categories were mentioned first. That is, if Need for product was mentioned first, then price, then brand, thus the category would be 'ranked' as follows: Need: 1; Price: 2; Brand: 3.

There are in total 8 types of categories: From 'Need' until 'Others' in Table 1. Out of the 8 types of categories, based on the 14 respondents, the category 'Review' was mentioned the most with 10x mentioned. This meant that out of 14 respondents, 10 respondents had mentioned Review as one of the processes that they stated when they purchase a non-food product.

'Review' means that the respondents would either search for a review of the product before buying on the internet, or find feedback from the internet on those who had purchased the product. The findings suggest that 'Review' process is one of the most used by the respondents before buying non-food products.

The next top factor is Ingredients (8x). 8 out of the 14 respondents noted this factor as part of their decision process, leading this factor as the second highest factor in the decision process.

The third most popular factor in the decision process is Need (6x) where 6 out of 14 respondents mentioned this factor in the decision process. The rest of the factors stated in the decision process of buying non-food process (from the 4th most popular factor to the 8th factor) are: Halal logo (5x), Brand/Type of product (4x) as well as Price (4x) then followed by Peer/Family factor and lastly Other/Buy/Test factor.

Overall, this table suggest that for the respondents, when analyzing their decision process when buying non-food products, the top 3 decision process are:

1. Searching for Reviews on the non-food products as well as feedbacks from previous customers on the products on the internet
2. Next, they will look at the Ingredients of the non-food products to see if the ingredients agree with them
3. Then the next factor in the decision-making process is the Need for the products that is mentioned as part of process. The respondents stated that the Need for the product is part of the decision-making process.

Ranking Of Top Factors In Decision-Making Process
To calculate the ranking, each number is given points similar to the ranking, i.e. 1 point = Ranking 1, 2 point = Ranking 2. etc. Each factor is then averaged by the number of respondents who voted for that factor. For example, for 'Need' the total points is 8. With 6 respondents, the Ranking Point Average = 8/6=1.33.

Thus, for all 8 factors in Table 1, the Ranking point average are as below:

TABLE 2: RANKING OF TOP FACTORS IN DECISION PROCESS: NON FOOD

	NEED	BRAND/ TYPE	HALAL LOGO	PRICE	REVIEW	INGRE- DIENT	PEER/ FAMILY	BUY/ TEST/ OTHER
TIMES Mentioned	6x	4x	5x	4x	10x	8x	3x	2x
RANKING POINT AVERAGE	1.33	1.5	2.4	2.25	2.3	2.75	2.67	1.5
RANKING NUMBER	1	2	5	3	4	7	6	2

Note: Ranking Calculation
1 point = Ranking 1, 2 point= Ranking 2, etc.
Ranking Point Average:
Factor's Total Ranking Point / Times Mentioned by Respondent

Thus, based on Table 2, the Rank of the Factors in the Decision Making process for purchasing Non-Food products are as follows: (Lower points suggest higher rank)
Rank 1: Need
Rank 2: Brand/Type AND Buy/Test/Other [Tie]
Rank 3: Price
Rank 4: Review
Rank 5: Halal Logo
Rank 6: Peer/ Family
Rank 7: Ingredient

Table 2 information differs significantly when compared with Table 1. For Table 1, the top 3 factor most selected by the respondents were: Review, Ingredient and Need.
However, when analyzing the ranking in terms of which factors were mentioned first, second, third and so on and then given points and ranked, the top 3 Ranked Factors in the decision making process of Non-Food products are Need, Brand/Type as well as Buy/Other and Price. Some possible reason for this difference could be that
1) Though Reviews are important and mentioned as the most popular factor in decision making process, however, most of the respondents gave the factor a ranking of 2,3 and 4 – this suggest that though many respondents will conduct a review, this factor is not the first in the decision making process
2) The highest rank of the factors in the decision making process is Need – this suggest that for the respondents, Need is the starting point for many in the decision making process
3) Similarly, though Ingredient has been mentioned many times by respondents, the typical ranking given is in a wide range between 1 to 4, thus reducing its average ranking points
4) For Brand or Buy/Type, though not as mentioned as many times as the other factors. Ranking were usually between 1-2, thus increasing the ranking points
5) Lastly, though Price was not mentioned the most times among the various factors, respondents who mentioned Price ranked it among 1 to 3

Overall, the ranking of factors, echoes the typical factors in the decision making process in the marketing literature, where Need, Brand and Price are usually the top factors in the decision making process.

The most interesting factor based on Table 2, is that the Halal Logo was ranked 5th out of 8 factors. This suggest that for Muslim respondents, the Halal Logo is less important compared to Need, Brand or Price when making a decision when purchasing a Non-Food product.

Discussion and Conclusion

The halal industry has been traditionally focused on the food industry, however the expansion of the global halal market has led to non-food products to also be the main focus of purchasing decision process of consumers. In this study of millennial Muslim consumers, several conclusions could be made. Through focus groups interviews, the result suggests as follows: the basic decision-making process still play a role for millennial consumers. Though they may be influenced by information available on the internet or social media, the basic factors of need, brand or price still play a part. Though Muslim consumers still consider the halal logo as an important factor, it only ranks 5th out of a total of 8 factors. This suggest that for the halal industry to ensure that halal awareness is in the mind of their Muslim consumers, action need to be taken to ensure the credibility of the halal logo is maintained, to ensure the trust of the Muslim consumers, not only in the food products but also increasingly in the non-food products. The findings also suggest that halal logo as a factor to be a possible factor to be included in the decision-making process, for halal products.

Theoretical Implications

The findings suggest that the industry need to focus more on the standardisation of the halal logo as well giving more assurances to the public on the reliability of halal logo, whether the halal logo is from Malaysia or from other countries. The results suggest also the negative impact of internet fake news and stronger action need to be taken to counter these negative and false information. The results also suggest that the industry could not rely merely on halal logo to attract demand, but must substantiate that with the basic factors of need, wants, price, marketing, packaging and other basic factors.

Practical and Social Implications

The findings suggest that the industry need to focus more on the standardisation of the halal logo as well giving more assurances to the public on the reliability of halal logo, whether the halal logo is from Malaysia or from other countries. The results suggest also the negative impact of internet fake news and stronger action need to be taken to counter these negative and false information. The results also suggest that the industry could not rely merely on halal logo to attract demand, but must substantiate that with the basic factors of need, wants, price, marketing, packaging and other basic factors.

Limitations and Suggestions for Future Research

This study has limited its research towards millennium consumers focusing on students. Consumers who have family of their own, with a higher income level could have slightly different perceptions. In addition, acquiring the perceptions of non-Muslim consumers would also be of help, as their perception towards halal products, both food and non-food, would give a substantial perspective as well as a more global outlook. As Malaysia is a multi-cultural country, such perspective would be valuable.

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