



Trust as a Mediator in Determining Customers Purchase Intention of Halal Frozen Food

Zainuddin Zakaria¹, Muhammad Rahman Salim², Zuriyati Ahmad³, Ferozah Haini Mohamed Ahmad⁴ and Mohd Ariff Kamaludin⁵

Faculty of Business Management, Universiti Teknologi MARA, Dungun Campus, 23000 Dungun, Terengganu

Corresponding email: hzainudd@tganu.uitm.edu.my

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Abstract

Stiff competition in the frozen food industry has motivated many manufacturers to find ways to attract consumers and creates sustainable competitive advantage. One of the strategies employed by manufacturers are to acquire the Halal certificate to entice the Muslim consumers. The aim of this study is to determine the factors that influences customer's intention to purchase Halal certified food products in Terengganu. Specifically, the researchers hope to determine the association and influence of Halal logo certification, religious awareness, trust, and confidence level in influencing customer's intention to purchase Halal frozen food products in Terengganu. Data was collected through a survey using self-administrated questionnaire that was distributed to 200 consumers in Dungun using purposive random sampling. The data analysis showed that Halal logo and religious awareness has a positive and significant relationship on consumer's intention to purchase Halal food products. Furthermore, a two steps multiple regression analysis revealed that the element of trust mediates the relationship between the perception on HALAL certification and the dependent variable. It indicates that it is crucial for frozen food manufacturers to maintain the reputation of their product and to intensify their promotional strategy because these factors are important elements in building high trust and confidence level among its customers

INTRODUCTION

Customers will always choose products or service that are affordable and creates value that suites their expectation and preference. For example, Muslim customers are motivated to buy food products that are Halal since Muslims are obliged to adhere to the principles and legislation of Islam, also known as Shariah. This is especially true when buying frozen food products. In this paper we hope to determine the factors that may influence the Muslims in Dungun to buy frozen food products sold in Dungun. As a result of the increase in the number of frozen food manufacturers, tougher and more intense competition is inevitable. Manufacturers are competing not only on product features but also on other variables such as price, packaging, distribution and promotional strategies. In this paper we hope to determine the strength and direction of the relationship between several independent and the dependent variables; purchase intention of Halal frozen food products.

The authors intend to determine the factors influencing customer's intention in purchasing HALAL frozen food products that have been awarded with the HALAL certification from the Malaysian government. We postulate that these factors are the Halal logo certification, Religious knowledge, Trusts and Confidence level of customers. Besides that, this study tries to determine the most influencing factor of the Dungun Muslims customer intention towards purchasing Halal food products.

Halal in Arabic term is "permissible". Whilst, Kamali (2003) stated that Halal in Arabic language refers to anything that is permissible under Islam. The antonym for Halal is Haram (prohibited). The terms Halal and Haram are generally used to describe whether the food products, meat products, food ingredients, beverages and food contact materials can be consumed or not. The Holy Quran and the Glorious Shari'ah has decided which foods is Halal or Haram for Muslims guidance. Halal products are things that follow the Shari'ah compliant, for example, it should not involve the use of Haram ingredients, and not harmful or intended for harmful use. Muslims are obliged by religion to clearly determine products to make sure they are Halal. In addition, they are strongly encouraged by the Islamic teachings to shy away from consumables that are doubted (syubhah). According to Mian et.,al (2004), doubtful things (Syubhah) should be avoided as there is a gray area between clearly lawful and clearly unlawful.

Halal Logo Certificate

Many Muslim consumers are aware and knowledgeable in Halal products. They are more particular in choosing and consuming food products. Besides that, the consumers become more concern on dietary and health-related issues. Hence, the relevance of Halal logo certificate is to strengthen the belief among the customers. The introduction of Halal logo by the Malaysia's Department of Islamic Development (JAKIM) has generated more awareness among the Muslims consumers. It had shown the importance of consuming food products that follow Islamic guidelines and principles. In this case study, Rudyz Enterprise has the Halal logo certificate in order to become a Muslim manufacturer who provides Halal frozen food in Dungun.

According to JAKIM, the Halal certificate is not just a religious requirement. The development of Halal standard for foods, MS 1500:2004 by Department of Standards make Malaysia as a country of Halal Hub for Southeast Asia region. This standard generally becomes the guidelines on Halal food production, preparation, handling and storage. The process has been monitored by the Malaysia Islamic department. In order to gain the Halal certification, food product manufacturers must be aware on cleanliness and quality controls. Based on the standard of MS 1500:2004 it is required the food manufacturers to control and provide the product processing in order to meet the Hazard Analysis Critical Control Point (HACCP) and Good Manufacturing Practices (GMP). As for Rudyz Enterprise it is crucial to maintain this Halal product certification that covers the examination of food processes, from the preparation of foods, ingredients used, cleaning and handling process. Based on Hayati et al. (2008), in order to meet the high level of Halal requirement, Rudyz Enterprise has to adapt and maintain the standards in order to meet the global benchmarks such as HACCP and Good Hygienic Practice.

Function of Halal logo certificates

The Halal logo certificates not only guarantee Muslims what they consume or use is according to the Islamic laws but also encourages manufactures to meet the Halal standards (Melati, 2010). A Halal certificate is a document issued by an Islamic organization such as JAKIM in Malaysia which will certify the products that meet the Islamic dietary guidelines. In this case the Halal product must not contain pork, alcohol or prohibited food ingredients of animal origin. The product also must be prepared and manufactured on clean equipment. For substances like meat and poultry components, it must come from the animals slaughtered according to Islamic law (Mian, 2010). Halal logo must also represent food safety because it is another aspect of Halal logo important attribute. Islam repeatedly urges their followers to only consume good and safe food as mentioned in the Quran.

DATA COLLECTION

Target population and Sample

According to Sekaran (2006), the target population refers to the entire group of people, events or things of interest that the researchers wish to investigate. Population also known as complete group of people or companies that share some set of characteristics and according to Malhotra (2004) primary data is a data originated by the researcher for the specific purpose of addressing the research problem. Based on the information from the local authority of Dungun (*Majlis Perbandaran Dungun*), the total population in the district of Dungun equals to 147, 318, however the number of people living in Dungun town equals to 46,053. The sample chosen in this study are those from adults who are residing in the town of Dungun. In this study, a

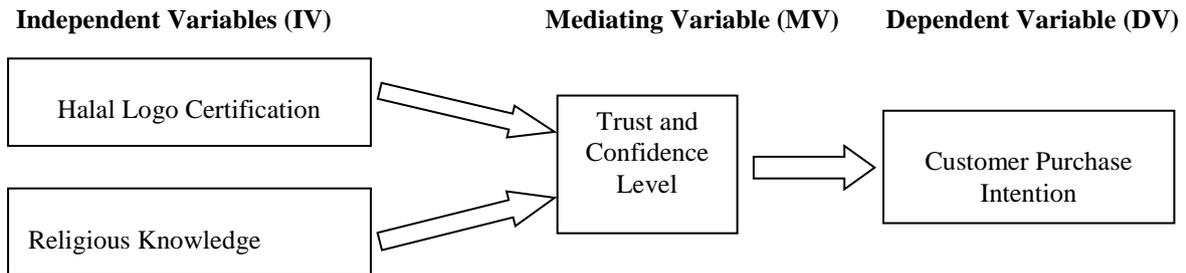
sample size of 200 respondents were targeted as respondents using a purposively quota sampling as suggested by Sekaran (2006). The data are collected from questionnaires that were distributed to selected respondents in Dungun, Terengganu.

Research model

Based on the literature review, it was found that customer purchase intention influenced by Halal factors such as Halal logo certification, Religious knowledge, Trusts and Confidence level of customers. Figure 3.2 below shows the theoretical frameworks that interpret the relationship between variables which are dependent and independent variables.

FIGURE 1

THE RESEARCH MODEL SHOWING THE INDEPENDENT VARIABLES AND DEPENDENT VARIABLE



Questionnaire design

Survey using self-administered questionnaire is one of the methods used in collecting data. In this study, the researchers used questionnaires design to collect all the data from respondent. According to Sekaran (2003) questionnaire can be administered personally, mailed to the respondents, or electronically distributed. For the purpose of this study, the researchers distribute the questionnaires to the respective respondents face to face. This method was chosen because it enables the researchers to collect all the completed responses within a short period of time. It also saves cost and time. The questionnaire is divided into five sections. Every section in this questionnaire is carefully created in obtaining the most accurate information from the respondents. In this questionnaire, a five point Likert scale to examine how strongly the respondents agree or disagree with the statements which are 1 – Strongly Disagree, 2 – Disagree, 3 – Fair, 4 – Agree, and 5 – Strongly Agree.

Each section of the questionnaire is created according to the following section. Section A contains a set of five (5) questions that seeks to determine the respondents’ demographic profiles. Section B includes five (5) questions that will gauge the perception of Halal logo certification that will influence the customer’s intention to purchase HALAL food products. In section C, there are five (5) questions that highlighted the elements of religious knowledge in influencing customer intention to purchase HALAL frozen food. Section D of the questionnaire asking on the factor of trust and confidence level in influencing customer intention to purchase. It consist five questions to be answer by the respondents. Section E of the questionnaire focuses on the dependent variable; customer purchase intention. It also consist five questions to be answer by the respondents. In this study, the researchers used the Statistical Packages for Social Science (SPSS) to analyze the research objective and question. The process of analyzing the data and finding begin after all the data is collected from the respondents that participated in the survey. In this research, the data is gathered from distributing a total of 200 questionnaires.

DATA ANALYSIS

In this study, the researchers chose a Pearson Correlation analysis to determine the strength and direction of the relationships between the dependent, mediating and independent variables. Specifically, the researchers are interested to determine whether there are any positive and significant relationships between the independent variables, Halal Logo, Religious Knowledge and the mediating Trust and Confident level on the dependent variable, Customer Intention to purchase HALAL frozen food.

In this research, the Pearson’s correlation method is used because it is appropriate for interval and ratio scale. In interpreting the strength of the correlation, Cohen (1988) as cited by Pallant (2007) suggests the following guidelines in determining the strength of relationship in correlation analysis which is as follows:

- 0.81 – 1.00 : very strong relationship
- 0.61 – 0.80 : strong relationship
- 0.41 – 0.60 : moderate relationship
- 0.21 – 0.40 : weak relationship
- 0.00 – 0.20 : extremely weak relationship

The correlation analysis result is shown in table 1.

TABLE I
SCALE OF THE STRENGTH OF THE CORRELATION ANALYSIS

	Customer Intention	Halal Logo	Religious Knowledge
Halal Logo	.408**		
Religious Knowledge	.400**	.600**	
Trust And Confident Level	.414**	.492**	.376**

All correlations are significant at 99% level. Total respondents equals to 192

The next analysis chosen by the researchers is the Multiple Regression analysis to determine the mediating effect of the mediating effect of trust on the effect of the independent variable on the dependent. In order to analyse the mediating effect, the authors adopt the procedures suggested by Judd and Kenny (1981). They proposed that in order to calculate the indirect effect of the mediating effect, researchers should calculate the indirect effect and test it for significance. The regression coefficient for the indirect effect represents the change in Y for every unit change in X that is mediated by M. There are two ways to estimate the indirect coefficient. Judd and Kenny (1981) suggested computing the difference between two regression coefficients. To do this, two regressions are required.

Model One

In Model One, the two independent variables with the mediating variable are regressed against the dependent variable, customer’s purchase intention of HALAL frozen food. The results indicate that trust and confident level fully mediates the variables perception of HALAL logo. All results are shown in Table 2 and 3.

TABLE 2
MODEL SUMMARY OF THE REGRESSION ANALYSIS OF MODEL 1

R	R Square	Adjusted R Square	Std. Error of the Estimate
.491 ^b	.241	.233	.862

TABLE 3
COEFFICIENT ANALYSIS OF MODEL 1

Dependent Variable	Predictors	Un-standardised Coefficients	Standardized Coefficients	Tolerance	VIF
		Beta Value			
Customers Purchase Intention	Trust and Confident Level	0.605	0.307	0.859	1.165
	Religious knowledge	0.476	0.285	0.859	1.165

Model 2

In Model Two, the two independent variables are regressed against the dependent variable, customer’s purchase intention of HALAL frozen food. The results in Table 4 and 5 reveal that both independent variables have a positive and significant influence on the dependent variable, customer’s purchase intention of HALAL frozen food.

TABLE 4
MODEL SUMMARY OF THE REGRESSION ANALYSIS OF MODEL 2

R	R Square	Adjusted R Square	Std. Error of the Estimate
.452 ^a	.204	.196	.883

TABLE 5
COEFFICIENT ANALYSIS OF MODEL 2

Dependent Variable	Predictors	Un-standardised Coefficients	Standardized Coefficients	Tolerance	VIF
		Beta Value	Beta Value		
Customers Purchase Intention	HALAL Logo Certification	0.519	0.263	.639	1.564
	Religious knowledge	0.406	0.243	.639	1.564

Comparing the two models, the equations can be written as follows

Model 1 $Y = B_0 + B_1Xb + B_2M + e$ which equals to $Y = 285 + 0.476Xb + 0.605M + e$

Model 2 $Y = B_0 + BXa + BXb + e$ which equals to $Y = - 318 + 0.519Xa + 0.406Xb + e$

Where $Xa = Halal\ logo$, $Xb = Religious\ Knowledge$, $M = Trust\ and\ Confidence$

The indirect effect is the difference between these two coefficients:

$$\begin{aligned}
 B_{indirect} &= B(Xb) - B_1(Xb) \\
 &= 0.406 - 0.476 \\
 &= - 0.07
 \end{aligned}$$

Since the value of the difference is negative, it indicates that the variable trust and confident does not mediate the effect of religious knowledge on the independent variable; intention to purchase HALAL frozen food. The independent variable, perception on HALAL certification, however is fully mediated by trust and confidence of consumers as indicated by the insignificant relation between consumer’s perceptions on HALAL certification on the intention of consumers to purchase HALAL frozen food. This is indicated by the absent of the variable (BXa) in Model 1.

CONCLUSION AND RECOMMENDATION

The competition in the frozen food market is intense and this is true for manufacturers of frozen product in Dungun, Moreover the products offered in the market are also similar, which include Doughnut, Curry puff, Samosa, Steamed Bun, Indian flat bread (Chapati, Roti Chanai etc) and other types of frozen food. The researchers proposed that in the market of frozen products, it is not only about the taste, image and price but the Halal certification has become an important competitive strategy especially in the Muslim market. Many producers have their own bar code and nutrition fact for every product they produce and HALAL certification from PPIM and JAKIM. This will help influence customer to be more interested to buy frozen products since

there is a strong relationship between the HALAL certification, religious knowledge and intention to purchase HALAL frozen products.

The researchers would also like to propose to the frozen food manufacturers to offer new and innovative products that will attract new customer and serve a niche market (Shah Alam & Mohamed Sayuti, 2011; Little, Maye, & Ilbery, 2010). The results from the data analysis also revealed that the most dominant variable in influencing customers' intention to purchase HALAL frozen food product is Religious Knowledge. Thus, in order to increase customer's purchase intention, manufacturers should intensify their HALAL awareness and "corporate social responsibility" programs in order to create high awareness, interest and buying intention from customers (Ismaeel, & Blaim, 2012). As Muslim consumers, they have high expectation on the authenticity of the HALAL food products they purchased.

The frozen food industry is highly competitive. Manufacturers should offer novelty products in order to capture bigger market size. It can be done through better strategic planning to create customer's awareness and knowledge of Halal frozen food. In addition, producers need to highlight the nutritional and ingredients information contents of their products that will justify the Halal logo certification. Furthermore, manufacturers also can insert some information about the advantages of purchasing HALAL frozen food in their packaging. These approaches may help the customers to evaluate the contents or ingredients of the HALAL frozen food and discover themselves the benefits of consuming HALAL food products.

Furthermore, in order to increase the level of trust and confidence of customers, manufacturers should develop special action or strategies to achieve this goal. First, manufacturers need to create a good brand image in terms of quality, hygienic and tasty HALAL frozen foods. It can be done through aggressive promotion like distributing fliers and using banners. Furthermore, advertisement using vehicles that distribute the frozen products will allow the customers to quickly remember the brand name of the products. Another excellent channel of marketing communication is the use of Internet via "Social Medias" such as Facebook, Instagram and Twitter as a mean to reach the customer more effectively (Rutsaert, 2013, Mangold & Faulds, 2009). We also proposed that producers sell their products online in order to cater for time conscious customers that prefer to shop online. Adopting these strategies may boost customer's religious knowledge, trust, confidence level and intention to purchase HALAL frozen foods.

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