

AN EXPLORATORY STUDY ON HALAL BRANDING AMONG CONSUMERS IN MALAYSIA: FACTOR ANALYSIS TECHNIQUE

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ABSTRACT

Since Malaysia is heading towards being a global Halal hub, this study is very crucial to give ideas on the receptions of Muslims consumers towards Halal branding. The objective of the research is to measure the awareness of consumers towards Halal products particularly in the food industry. The study tries to identify the factors that contribute to Halal branding using factor analysis. Consumers' data were collected based on 1075 samples from all states in Malaysia. The findings show that there are 11 factors that could contribute to Halal branding awareness which are promotion, place, attractive and quality, Halal certification, price, product samples, market demand, SME producers, Halal certification to Muslim companies, differences between Halal certified and non-certified and clean operation. Further analysis using the logistic regression found that there are six factors contribute significantly to the importance of Halal branding. The factors are attractive and quality, Halal certification, market demand, SME producers, difference between Halal certified and non-certified, and clean operation.

Keywords: Halal Branding, Food Product, Malaysia, Factor Analysis, Logistic Regression.

INTRODUCTION

Halal has now become a universal concept. Halal is no longer restricted to the slaughtering of animals, alcohol, pig and dog but it stands for the whole products and services that have highest quality to meet the ever increasing awareness and needs of consumers in a demanding global market. Halal is no longer merely a religious obligation or observance. It becomes a standard of choice for both Muslims and Non-Muslims which is Non-Muslims also look for Halal products. 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.

At present, the estimated market size for Halal Products is more than US\$600 billion which is according to Federal Agricultural Marketing Authority (FAMA), the market size for frozen food only will increase to RM193 billion in 2010. The Malaysian Prime Minister in his address to the Developing Eight (D8) member countries in Bali said that based on simple calculation and by looking at the per capita expenditure on food among Muslim population around the world, it estimated that the Halal food market is worth at least US\$580 billion a year. He further said that the amount did not include the likes of logistics and other non-food aspects of the Halal industry. (Bernama, Malaysia National News Agency, 13.5.2006). 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 world. 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.

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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.

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* mentioned;

"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 worship¹"

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

"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

1 Surah Al-Baqarah; 172

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!...²"

In general, 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.

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. 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.

2 Surah Al-Ma'idah;3

Branding

Branding is 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, or color), or combination of these used to distinguish a seller's goods or services (Berkowitz, 1997). 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 organization and requires commitment in investing towards building a lifetime relationship with the consumer. Halal branding can be a benchmark for Halal products and distinguish it from other competitors.

According to Kotler and Armstrong (2006), 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 service (Kotler and Armstrong (2006). 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 *et al* (2004) found that 72 percent of customers would pay a 20 percent premium for their brand of choice relative to the closest competing brand whereas 40 percent said they would pay a 50 percent premium (Roland *et al*, 2004).

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 (MATRADE, 2004).

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 differentiation. Added to this problem is the rapidly decreasing life cycle of products, in some cases now down to a matter of weeks (MATRADE, 2004). On the other hand, halal branding is defines Halal as a cross-over brand that has demonstrated the ability to attract Muslims and non-Muslims alike (Abdalhamid Evans, The Halal Journal, 2006). 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 haram (Mohd Nakhaie, 2005).

This paper discussing the factors that contributes to Halal branding using factor analysis. After the introductory section, the review of literature in Halal product is covered followed by a methodology of the research. The next section describes the findings and discussions. The last section will conclude the discussion and policy recommendation.

LITERATURE REVIEW

In Malaysia, a few researches have been done on Halal product such as Azrina (2006); Rosly *et al* (2006); Shahidan and Md Nor (2007); Nuradli *et al* (2007) and Norhaziah Nawai *et al* (2008). According to Azrina (2006) 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 markets. 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.

Rosly *et al* (2006) in their studies in gauging the customers' attitude towards Halal food status in Penang found that customer's attitude towards Halal logo was generally favorable with a mean of 3.978. 40% of the respondents will not buy food products that do not have Halal logo. 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 used two methods which are the questionnaire method and the observational method. When the researchers observed these sample populations purchasing behaviour, only 18% of them actually looked at the products 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.

Nuradli *et al* (2007) in a research conducted online concluded that 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 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.

Shahidan and Md Nor (2007) found some issues and challenges on implementation of Halal certification which are the inconsistency of definition of Halal on the aspect of slaughtering of animal, the introduction of Halal logo by individual firms, the use of Arabic-sounded of Islamic-signaled brand names, the rampant display of Quranic verses by food operators to indirectly signal that the premise is operated by Muslim and that it offers Halal foods and the lack of enforcement by the authorities with regards to the misuse of Halal logos. The main challenge faces by the government is in the area of enforcement where there is lack of enforcement by the Department of Islamic Development's (JAKIM) in monitoring the usage of certified Halal logo that caused the public to question the validity on some of the products or services claiming to be Halal. In addition, the lack of collaboration amongst the world's Halal certification authorities has

created “doubts” amongst the Muslims consumers on the authenticity of the Halal certification process.

According to Norhaziah Nawai *et al* (2008) in their research about brand awareness on Halal branding suggested a few strategies to promote Halal as a brand. The strategies are through brand positioning either to make Halal as a lifestyle or Halal as standard of quality or Halal as a sign of religious conformity. Besides, packaging and design play a major role if Halal products want to compete at the global market. The study found that Halal products are not only for Muslims but for all people across the religions and racial barriers. So, the brand name should not only focus on names which are considered to be “Islamic” but should also incorporate generic global names. Having “Islamic” brand names will narrow their market size because consumers will assume that the products are targeted only to Muslim population.

METHODOLOGY

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.

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. A survey questionnaire was conducted to find the awareness of Halal branding among consumers and 1075 questionnaires were collected from all states in Malaysia. The questionnaires are divided into three main sections

namely demographics of the population, the level of awareness towards Halal as a brand and the perception of the consumers towards Halal product. Factor analysis was used to determine the factors that influence the consumers to buy Halal products.

There will be two analysis methods that are used in this research. Factor analysis will be used to reduce and group the independent variables whereas logistic regression will be used subsequently to analyze the relationship between the categorical dependent variable with the independent variables found in the factor analysis.

Exploratory Factor Analysis (EFA) seeks to uncover the underlying structure of a relatively large set of variables. The researcher's *à priori* assumption is that any indicator may be associated with any factor. This is the most common form of factor analysis. There is no prior theory and one uses factor loadings to intuit the factor structure of the data. The main applications of factor analytic techniques are: (1) to reduce the number of variables and (2) to detect structure in the relationships between variables, that is to classify variables. Therefore, factor analysis is applied as a data reduction or structure detection method (the term factor analysis was first introduced by Thurstone, 1931). Factor analysis is a correlation technique to determine meaningful clusters of shared variance. Factor analysis begins with a large number of variables and then tries to reduce the interrelationships amongst the variables to a few numbers of clusters or factors. Factor analysis finds relationships or natural connections where variables are maximally correlated with one another and minimally correlated with other variables and then groups the variables accordingly. After this process has been done many times a pattern appears of relationships or factors that capture the essence of all of the data emerges. Therefore factor analysis refers to a collection of statistical methods for reducing correlational data into a smaller number of dimensions or factors

Logistic regression is a form of regression which is used when the dependent is a dichotomy and the independents are of any type (Alan Agresti, 1996). Continuous variables are not used as dependents in logistic regression. Unlike logit regression, there can be only one dependent variable. Logistic regression can be used to predict a dependent variable on the basis of continuous and/or categorical independents and to determine the percent of variance in the dependent variable explained by the independents; to rank the relative

importance of independents; to assess interaction effects; and to understand the impact of covariate control variables.

Logistic regression applies maximum likelihood estimation after transforming the dependent into a logit variable (the natural log of the odds of the dependent occurring or not). In this way, logistic regression estimates the probability of a certain event occurring (Imam Ghozali, 2006). Logistic regression has many analogies to OLS regression: logit coefficients correspond to b coefficients in the logistic regression equation, the standardized logit coefficients correspond to beta weights, and a pseudo R^2 statistic is available to summarize the strength of the relationship. Unlike OLS regression, however, logistic regression does not assume linearity of relationship between the independent variables and the dependent, does not require normally distributed variables.

Press *et al* (1978) make the case for the superiority of logistic regression for situations where the assumptions of multivariate normality are not met a compared to multiple discriminant. They conclude that logistic and discriminant analyses will usually yield the same conclusions, except in the case when there are independents which result in predictions very close to 0 and 1 in logistic analysis (Press and Wilson 1978). Logistic regression also does not assume homoscedasticity, and in general has less stringent requirements. It does, however, require that observations are independent and that the independent variables be linearly related to the logit of the dependent. The success of the logistic regression can be assessed by looking at the classification table, showing correct and incorrect classifications of the dichotomous, ordinal, or polytomous dependent. Also, goodness-of-fit tests such as model chi-square are available as indicators of model appropriateness as is the Wald statistic to test the significance of individual independent variables.

Research hypothesis:

- Ho = There is no relationship between the importance of Halal branding and independent variables (factoring groups)
- H₁ = There are relationships between the importance of Halal branding and independent variables (factoring groups)

ANALYSIS OF THE FINDINGS

Reliability Test

Reliability test is conducted using Cronbach Alpha. Using reliability analysis, the questionnaire can be determined the extent to which they are related to each other. The overall index of the repeatability or internal consistency of the scale as a whole would be generated and identification of problem items that should be excluded from the scale would be generated too.

Table 1: Reliability Test Using Cronbach Alpha

Reliability Coefficients		
N of Cases =	1075	N of Items = 45
Alpha =	.825	

The Reliability Test for the questionnaires as shown in the table above measures the Cronbach’s Alpha is 0.825. Therefore the Cronbach’s Alpha is showing internal inconsistency and therefore reliable because it is higher than 0.70 (Nunnally, 1970).

Section B: Respondents’ Demographic Profiles

Table 2: State of Residence

State	Frequency	Percent
Johor	195	18.1
Selangor	181	16.8
Pahang	163	15.2
Perak	120	11.2
Kuala Lumpur	112	10.4
Pulau Pinang	97	9
Negeri Sembilan	59	5.5
Melaka	37	3.4
Kelantan	36	3.3
Kedah	31	2.9
Terengganu	30	2.8
Perlis	4	0.4
Sabah	3	0.3
Sarawak	3	0.3
Brunei	2	0.2
Labuan	1	0.1
Putrajaya	1	0.1
Total	1075	100

The largest respondents are from Johor comprises approximately 18.1% from the total of 1075 respondents followed by Selangor 16.8%, Pahang 15.2%, Perak 11.2% and Kuala Lumpur 10.4%. The rest of the states are below than 10 percent with the lowest from Putrajaya and Labuan. There are also 2 respondents from Brunei Darussalam which comprises about 0.2% from the total respondents.

Table 3: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	450	41.9	41.9	41.9
Female	625	58.1	58.1	100.0
Total	1075	100.0	100.0	

Majority of respondents are female which are approximately 625 respondents or 58.1% from the total respondents. The remaining of 450 respondents are male or about 41.9%.

Table 4: Race

	Frequency	Percent
Malay	1000	93.0
Chinese	38	3.5
Indian	23	2.1
Others:kadazan;punjab;siam; indonesian;iban;kemboja	14	1.3
Total	1075	100.0

We have managed to collect data from various races to get multi ethnic responses on the Halal branding issues. The majority is Malay which turn out approximately 1000 respondents or 93%, Chinese about 38 respondents or 3.5%, Indian about 23 respondents and others about 14 respondents. The non-Malays respondents are small since they are not ready to answer the Halal branding issues perhaps due to their misconception on the possible complication regarding about the issues.

Table 5: Religion

	Frequency	Percent	Valid Percent	Cumulative Percent
Islam	1010	94.0	94.0	94.0
Buddhist	28	2.6	2.6	96.6
Christian	18	1.7	1.7	98.2
Others:hindu,sikh	19	1.8	1.8	100.0
Total	1075	100.0	100.0	

Majority of respondents are Muslim which are about 94% and the rest are Buddhist, Christian and Hindu.

Table 6: Age

	Frequency	Percent	Valid Percent	Cumulative Percent
18 to 24	354	32.9	32.9	32.9
25 to 34	416	38.7	38.7	71.6
35 to 44	161	15.0	15.0	86.6
45 to 54	112	10.4	10.4	97.0
55 and above	32	3.0	3.0	100.0
Total	1075	100.0	100.0	

Almost 39% of respondents are from the range of 25 until 34 years old which is the highest group of respondents in this survey followed by from the age 18 until 24 about 32,9%. Respondents from 35 to 44 years old are about 161 respondents and from 45 to 54 are about 112 respondents. The lowest number of respondents come from the range 55 and above which comprises only 32 respondents or 3 percent.

Table 7: Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	523	48.7	48.7	48.7
Married	539	50.1	50.1	98.8
Divorce	13	1.2	1.2	100.0
Total	1075	100.0	100.0	

The marital status from the single and married respondents are almost the same with a difference of about 1.4% only while divorced respondents comprises about 1.2 percent only from the total 1075 respondents.

Table 8: Occupation

	Frequency	Percent
Government sector	447	41.6
Private sector	253	23.5
Others:retiree;felda settler;housewife;student;forex trader	236	22
Entrepreneurs/Business	92	8.6
Industry/Manufacturing	47	4.4
Total	1075	100

Majority of respondents are from the government sector which are about 41.6% or 447 respondents while 23.5 % come from the private sector. 22% are retirees, Felda settlers, housewife and students, 8.6% are entrepreneurs and the remaining is from the manufacturing sector.

Table 9: Qualification

Education Level	Frequency	Percent
Diploma/STPM/Certificate	321	29.9
Bachelor Degree	307	28.6
SPM	288	26.8
PhD/Postgraduate	103	9.6
Others:SRP;Form1;Standard6	35	3.3
Professional	21	2
Total	1075	100

Majority of the respondents have diploma (29.9%), followed by bachelor degree about 28.6%, SPM holders about 26.8% and remaining are having postgraduate degree, SRP or professional certificates.

Table 10: Monthly Household Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than RM1,500	486	45.2	45.2	45.2
RM1,501 to RM3,000	305	28.4	28.4	73.6
RM3,001 to RM4,500	139	12.9	12.9	86.5
RM4,501 to RM6,000	80	7.4	7.4	94.0
RM6,001 and above	65	6.0	6.0	100.0
Total	1075	100.0	100.0	

Majority of respondents have a household income lower than RM1500 about 45.2%. 28.4% have a household income in between 1501 to RM3000. 12.9% have a household income in between RM3001 until RM4500 and the remaining 13.4% have a household income more than RM4500.

Factor Analysis

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest

variables. Factor analysis can also be used to generate hypotheses regarding causal mechanisms or to screen variables for subsequent analysis (for example, to identify co-linearity prior to performing a linear regression analysis). In this analysis, the factor analysis procedure using the varimax rotation would be used in order to identify the questions that could be grouped together which influence the Halal branding. Furthermore, the reduction of data or uncorrelated questions would reduce the variables used in future analysis.

Table 11: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett’s Test of Sphericity	Approx. Chi-Square	14301.101
	df	990
	Sig.	.000

The Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) test shows that the factor analysis could be done because it is more than 0.5. Therefore no variables would be excluded. In addition the Bartlett’s test of Sphericity is significant at 0.000 therefore we conclude that the factor analysis could be further analyzed.

Table 12: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.870	13.044	13.044	5.870	13.044	13.044	4.666	10.368	10.368
2	4.996	11.102	24.146	4.996	11.102	24.146	3.863	8.583	18.952
3	2.799	6.219	30.365	2.799	6.219	30.365	3.291	7.313	26.264
4	2.258	5.018	35.383	2.258	5.018	35.383	3.004	6.675	32.939
5	1.855	4.122	39.505	1.855	4.122	39.505	1.706	3.791	36.730
6	1.278	2.841	42.346	1.278	2.841	42.346	1.495	3.322	40.052
7	1.241	2.757	45.103	1.241	2.757	45.103	1.492	3.316	43.368
8	1.189	2.642	47.745	1.189	2.642	47.745	1.372	3.050	46.418
9	1.097	2.437	50.182	1.097	2.437	50.182	1.348	2.995	49.413
10	1.084	2.409	52.592	1.084	2.409	52.592	1.269	2.820	52.233
11	1.006	2.236	54.828	1.006	2.236	54.828	1.168	2.595	54.828
12	.974	2.165	56.993						
13	.933	2.073	59.066						
14	.890	1.978	61.044						
15	.860	1.910	62.954						
16	.849	1.887	64.841						
17	.827	1.838	66.680						
18	.801	1.781	68.460						
19	.777	1.726	70.186						
20	.769	1.709	71.895						
21	.761	1.690	73.585						
22	.730	1.623	75.209						
23	.721	1.601	76.810						
24	.687	1.526	78.336						
25	.671	1.490	79.826						
26	.648	1.441	81.266						

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
27	.620	1.378	82.644						
28	.605	1.344	83.988						
29	.584	1.298	85.286						
30	.569	1.265	86.551						
31	.556	1.236	87.788						
32	.547	1.215	89.003						
33	.521	1.158	90.161						
34	.501	1.113	91.274						
35	.496	1.103	92.377						
36	.488	1.085	93.462						
37	.441	.979	94.441						
38	.426	.946	95.387						
39	.395	.877	96.264						
40	.370	.822	97.086						
41	.358	.795	97.881						
42	.323	.718	98.599						
43	.287	.637	99.236						
44	.202	.449	99.685						
45	.142	.315	100.000						

Extraction Method: Principal Component Analysis.

Table 13: Rotated Component Matrix(a)

	1	2	3	4	5	6	7	8	9	10	11
I always buy the halal products through newspaper	0.909										
I always buy the halal products through the radio	0.885										
I always buy the halal products through brochure	0.87										
I always buy the halal products through banner	0.83										
I always buy the halal products through advertisement	0.82										
I always buy the halal products through words of mouth	0.627										
I always buy the halal products at the stall		0.754									
I always buy the halal products at the place closed to my office		0.719									
I always buy the halal products at the fast food restaurant		0.717									
I always buy the halal products at the restaurant		0.715									
I always buy the halal products at the place closed to my house		0.693									
I always buy the halal products at the grocery		0.609									
I always buy the halal products at the market		0.568									
I always buy the halal products at hyper market											
Halal products in the market are in good quality			0.775								
The features of halal products in the market are according to consumer taste and current requirement			0.741								
Halal products in the market have attractive design			0.728								
Products with halal certification are normally in high quality			0.689								
Packaging of halal products in the market are suitable with current packaging			0.571								
Halal products in the market includes all types of consumers products			0.558								
Halal certified products should be monitored from any fraudulence				0.685							
Manufacturers which deceive on its halal certificates should be penalized accordingly				0.679							
it is important to have warranty on halal products				0.617							
Halal certified products are suitable for global market				0.534							
Halal products' brand are important for consumers											

[illegible]

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 12 iterations.

The Hosmer and Lemesshow test result is as follows:

Table 14: Hosmer and Lemesshow Test

Step	Chi-square	Df	Sig.
1	5.308	8	.724

The above result failed to reject the null hypothesis, therefore we accept the null hypothesis and the hypothesized model is fit with the data.

Table 15: The Importance of Halal Branding

Observed		Predicted		
		Halal branding is important		Percentage Correct
		.00	1.00	
Halal branding is important	.00	56	85	39.7
	1.00	23	911	97.5
Overall Percentage				90.0

a. The cut value is .500

Based on the classification 2 X 2 table, it shows the correct and incorrect estimation value. Based on the above table it is noted that 141 respondents who believe that Halal branding is not important in the observation but in the prediction there are only 56 respondents. Therefore the accuracy of the classification is about 39.7%. In contrary, there are 934 respondents who believe that Halal branding is important in the observation but there are only 911 respondents in the prediction. Therefore the accuracy is about 97.5%. The overall accuracy for both the satisfied and unsatisfied respondents is approximately 90%.

Table 16: Variables in the Equation for Importance of Halal Branding

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I. for EXP(B)	
Step 6	Attractive and quality	0.468	0.115	16.607	1	0	1.598	1.275	2.001
	Halal certification	1.325	0.118	125.379	1	0	3.764	2.984	4.746
	Market Demand	0.838	0.119	49.996	1	0	2.312	1.833	2.916
	SME Producers	0.243	0.114	4.57	1	0.033	1.275	1.02	1.593

	Difference Between halal certified and Non Certified	-0.864	0.12	52.184	1	0	0.421	0.333	0.533
	Clean Operation	0.324	0.11	8.699	1	0.003	1.383	1.115	1.715
	Constant	2.882	0.168	294.922	1	0	17.854		

c Variable(s) entered on step 3: FAC9_2.

Based on the above logistic regression result, it could conclude that the importance of Halal branding could be given by the following logistic model. There six independent variables factors that are significant in influencing the Halal branding are:

$$\ln p/1-p = 2.882 + 0.468 (\text{Attractive and Quality})^* + 1.325 (\text{Halal Certification})^* + 0.838 (\text{Market Demand})^* + 0.243 (\text{SME Producers})^* - 0.864 (\text{Difference Between halal certified and Non Certified})^* + 0.324 (\text{Clean Operation})^*$$

Or

$$p/1-p = e^{2.882 + 0.468 (\text{Attractive and Quality})^* + 1.325 (\text{Halal Certification})^* + 0.838 (\text{Market Demand})^* + 0.243 (\text{SME Producers})^* - 0.864 (\text{Difference Between halal certified and Non Certified})^* + 0.324 (\text{Clean Operation})^*}$$

The five factors that significantly contribute positively to the importance of Halal branding are Attractive and Quality, Halal Certification, Market Demand, SME Producers and Clean Operation while one factor contribute negatively to the importance of Halal branding which is Difference Between Halal certified and Non Certified factor. The negative relationship shows that the consumers did not believe that the certification of Halal should be given to Bumiputra companies only and the Halal products are meant solely for Muslims. Therefore the negative result implies that Halal branding is for all and not confined to Bumiputra manufacturers and Muslim consumers.

DISCUSSIONS AND POLICY RECOMMENDATIONS

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 wants. 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. Brand positioning is closely related to the association and image concepts except that it implies a frame of reference, the reference point usually being competition. How is 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 government, but also the manufacturers, service providers and also the public in promoting Halal as a brand.

Basically, there are too many violations in terms of Halal certifications. For example, products that are not Halal using the Halal logo, products that used expired Halal certification, products that are using fake Halal logo from overseas certification bodies. How are we going to tackle the issue if we only have the Akta Perihal Dagangan to acknowledge the existence of Halal logo? Currently there are no other acts or laws that protect the consumers in terms of Halal certifications. New laws and acts are still in the drawing board and will be debated in the Parliament for approval and execution. The concept of Halalan Tayibban emphasizes on the issue of Halal and beneficial. The word beneficial in this case is a holistic approach that covers the issue of cleanliness and of high quality. In other words, a Halal products not only need to cover all the religious aspects such as the input, processes, and output, but also cover the area of quality and cleanliness.

Some consumers perceive that Halal products manufactured by small enterprises are of low quality compared to those manufactured by large companies. They assume that lack of capital expenditure will lead to poor product quality. This is untrue in some areas where small enterprises act as manufacturers for niche and

specialized Halal products that require low capital expenditure investment. All in all, Halal products should maintained it high quality or further increase their quality and this can be shown to the consumers in terms of obtaining quality certifications from relevant authorities.

Packaging and design play major role if Halal products want to compete at the global market parallel to the government intention to establish Malaysia as the global Halal hub. According to Kotler (1997), packaging includes the activities of designing and producing the container or wrapper for products. Some of the packaging for Halal products manufactured by small and medium enterprises cannot compete with the existing labels in the market. They are far behind in terms of packaging design and even brand names. Based on the research, the respondents agree that Halal products and not only for Muslims but for all people across the religions and racial barriers. So, the brand name should not only focus on names which are considered to be 'Islamic' but should also incorporate generic global names if they want to compete in the global market. Having 'Islamic' brand names will narrow their market size because consumers will assume that the products are targeted only at Muslim population.

All the 11 factors were determined using the factor analysis procedures and could be further analyzed in future research. The 11 factors identified are promotion, place, attractive and quality, Halal certification, price, product samples, market demand, SME producers, Halal certification to Muslim companies, difference between Halal certified and non certified and clean operation. It is recommended for the policy makers and Halal products marketers to take into consideration all the 11 factors that could influence the consumer behaviors. However there are only six factors that contribute significantly to the importance of Halal branding positively and negatively. The factors are Attractive and quality, Halal certification, Market Demand, SME Producers, Difference between Halal certified and Non Certified, and Clean Operation.

In ensuring that the producers/manufacturers and the consumers could have a win-win situation, it is recommended that all the factors should be considered by the manufacturers or producers. This would enable the producers to gain reasonable profit and the consumers to obtain products which are Halal as promulgated by Islam.

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