



## **What Motivate Muslim Consumer to Patronage Islamic Based—retail Store?**

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### **ABSTRACT**

There is a significant trend among Muslim consumers in reverting to Islamic way of life. The phenomenon somehow affected the Malaysian retail industry with specialty Islamic stores mushrooming, and retailers customizing retail elements to win the Muslim consumers segment. As the mainstream studies on retailing acknowledges the adaptation of retail elements to suit consumers' segment, there are less report on customizing retail elements to religious consumer group such as Muslim consumers' segment. Thus, little is understood of consumers' patronage motives and their expectations of retail Islamic stores. The aims of this study are twofold: To explore Malaysian Muslim consumers' expectations of Islamic-based retail store; and their motive to patronize an Islamic-based retail store. Findings from interviews, conducted in the Northern region of Malaysia, suggests unique religion-related patronage motives. This study shares some initial insight into criteria for Islamic retail-based segmentation for Muslim consumers. Implications and limitations of the study are also discussed.

**Keywords:** Islamic, Retailing, Store Attributes, Muslim, Malaysia

**JEL Classifications:** H53, H83, O35

## **1. INTRODUCTION**

### **1.1. Muslim Behavior**

Recently, the growing interests among Muslim consumers to adopt the true Islamic way of life has leverages to Malaysian retailers' trend to adjust their retailing mix to suit the consumer segment. The consumers developed a strong preference for Islamically permissible (*halal*) products and services, and pay extra attention to details in making sure the *halal*-ness of goods and services—including sensitivity towards the ownership and the environment of retail premises (Hashim et al., 2014). For Malaysian retail industry, the stiff competition in the industry urges retailers to find new ways to survive, and to customize goods and services to significant consumer group's needs is the way to go.

Specialty store retailing format is a profitable approach in marketing to mass consumers, and knowledge on specific needs of consumer group could assist retailers to better strategize retailing tactics. Knowledge on consumers' evaluation of store attributes

is important for retailers (Bearden, 1977; Bellenger and Moschis, 1981; Ogle et al., 2004; Pan and Zinkhan, 2006; Paulins and Geistfeld, 2003). Nonetheless, consumer evaluations of religion-based store attributes such as in the case of Islamic-based retail store has rarely been reported.

Growing religious conservatism and appreciation of Islamic values in markets like Malaysia offers unique opportunities for retailers to offer more Islamic-customized products and services. This study explores Muslim consumers' expectations for an Islamic retail store, and identifies Muslim consumers' motivations to patronize an Islamic retail store. Findings from this study adds to the literature on the influence of religion in retail industry, and offer knowledge to marketers targeting Muslim consumers' markets.

### **1.2. Store Attribute and Patronage Behavior**

Patronage behavior is the primary concern of retail industry. Understanding consumers' patronage behavior becomes a key success factor in retail business (Al-Nahdi, 2011). Patronage

behavior is defined as the store choice of a consumer based on a set of evaluative criteria, and highly related to store loyalty. Earlier studies in the area tend to confine studies on patronage behavior to repeat purchase behavior and consumers' store preference to shop at a particular store (ref), before establishing the link between patronage behavior and store loyalty (Sirgy et al., 2000).

Patronage behavior towards a particular store is dependent on the store image (Osman, 1993). Store image represents shoppers' perception of the store. Hence, retailers develop the store image to suit the needs of their target customers (ref). Past research demonstrates that store image influences retail patronage and loyalty (Hirschman, 1981; Sirgy et al., 2000). The more favorable the store image, the higher the valence of the store to the customer (James et al., 1976).

Consumers are more motivated to patronage stores that carry image and products that are aligned with their self-image. Study shows that the greater the match between the store patron image and the consumers' self-concept, the more likely that the consumer has a favorable attitude towards that store and the more likely that he would patronize that particular store (Sirgy et al., 2000).

Hence, Muslim consumers would develop more favorable attitudes, and more motivated to patronage stores with image and products that are more similar to their values. Moreover, the more religious Muslim consumers would tend to be motivated to abide by religious rulings, and patronizing a store becomes more than just to fulfill a certain consumption needs, but also embedded by religious motive-to consume based on religious teachings.

Consumers are driven by varieties of motives in their patronage behaviors. There are three types of factors that influence retail patronage; product relevant factors (product attributes, product features, product quality, and price), market relevant factors (services provided by the store) and personal factors (demographic factors) (Pan and Zinkhan, 2006).

Nonetheless, it is evident that the effect of store attributes, and patronage motives on consumers' patronage preferences, is influenced by type of store Paulins and Geistfeld (2003), and Shim and Kotsiopoulos (1992). Customers who patronize retail store identified low prices and ranges of product assortments as the reasons for their store choice. However, traditional supermarket shoppers are more concerned about location and product quality, while store promotion and product assortment have a great influence on grocery store selection. In fact, consumers' commitment to religious beliefs found to explain retail patronage motive (Suki et al., 2014). This strengthen the ground for exploring Muslim consumers' patronage motive and preferences of store attributes of an Islamic-based retail stores.

### 1.3. Halal Product Certification

Recently, *halal* issues have been brought to the attention of Muslim consumers; they have become aware of the *halal* aspect specifically when they choose a food product. It is becoming a common practice by Muslim consumers to look for *halal* logos and verifiable *halal* certificates while buying. By having a *halal*

logo, it is proven that a product is religiously allowable. By considering this element, it is becoming an important consideration in patronizing a store. The increasing interest in *halal* product awareness is due to the changing preferences and tastes among Muslim consumers to fulfill their religious obligations as a Muslim (Wan Hassan and Awang, 2009). The easiest way to identify whether the product is *halal* is based on *halal* symbols or *halal* certification by a trusted authority. Muslims in Malaysia have positive attitudes and consciousness about *halal* products which positively influences their intention to purchase (Hanzaee, 2011). Additionally, the study stresses that *halal* is an important dimension to influence grocery shoppers to patronize retail outlets in Malaysia (Abu and Roslin, 2008).

### 1.4. Islamic Values

Muslim consumers appreciate businesses that tend to reflect values that are aligned with Islamic teachings. Thus, the set of values Muslim consumers use to assess a retailer before deciding to patronize the store tend to be unique to the group (Ahmad and Kadir, 2013; Gayatri et al., 2011). Alongside the common retail store determinant factors, "Islamic value" is the predominant criteria by which Muslim consumers evaluate a store. As Islamic business conducts are derived from the Quran and the prophet Muhamad's traditions and anecdotes, retailers are expected to be ethical and socially responsible in their retail's strategies, and tactics. For example, instead of pursuing high price strategy, more considerate in pricing strategy would be highly appreciated by the consumer group, as businesses are expected to be significantly driven by social welfare of societies (Ahmad and Kadir, 2013; Vargas-Hernandez et al., 2010).

### 1.5. Muslim Product

The Islamic religion stresses on the essentiality for Muslim consumers to consume products that are *halal*, and also wholesome (*tayyib*). To obtain products of such qualities, Muslim consumers need to make sure products are clean, ethically sourced, healthy and are not in conflicts with Islamic teachings from the source to the plate. Indeed, the criteria are hard to established by inspecting products on the shelves. Hence, there are possibilities that given choices, Muslim consumers would prefer Muslim made products, and perhaps retail outlets owned by Muslim themselves or national/local brands, in hope that products offered have been checked for permissibly and are wholesome products.

### 1.6. Islamic Store Atmosphere

Studies are unanimous on the importance of store atmosphere as a determinant for store patronage (Baker et al., 2002; Mattila and Wirtz, 2001). Islamic retail store atmospheres that adopt Islamic cultures, traditions or values, could be attractive to Muslim consumers' niche markets and in predominantly Muslim markets. For example, the use of Islamic-based music such as melodic zikr (phrases praising God i.e. Allah; (Devine, 2011; Frishkopf, 2009; Sarkissian, 2005), recitation of the Quran, sales personnel with modest outfits, and acknowledgement for Islamic festivals through window decorations. Muslim are encouraged to listen to certain kind of music and the right music played in store may attract the consumers.

### 1.7. Humanistic Values of Retail Salesperson

Humanistic values refer to a person having a strong interest in human welfare, values and dignity. Retailers with high humanistic values in this regards would stress the importance of in-store interaction between salespersons and customers. Studies suggest personal interaction with salespersons, and the friendliness of the salesperson, influence the patronage behavior of religious people (Abu and Roslin, 2008; McDaniel and Burnett, 1990).

The more religious Muslim consumers are reported to be more dependable on others and sociable, hence tend to appreciate people-oriented attributes such as friendly and helpful sales personnel (Mokhlis, 2006; 2009). Additionally, the concept of brotherhood endorsed by Islamic teachings, creates a sense of universal unity and bonding drive the consumer group to appreciate interactions with others. Retailers are expected to treat customers with good human values as prescribed in Islamic teaching.

## 2. MATERIALS AND METHODS

Two stages study was performed to explore and validate Muslim consumers' patronage motives and preferred attributes for an Islamic-based retail store. In Stage 1, seven patrons from three Islamic-based store in the Northern region of Malaysia were selected using mall-intercept approach, and interviewed on sites. The stores were chosen due to its long establishment in the area, and the relatively high customers' traffic. Chosen customers were asked five questions; (1) their motive to patronage the store, (2) types of products they normally purchase from the store, (3) their impression about shopping at the store, 4) and the store attributes that attracted them to visit the particular stores. The responses were transcribed and analyzed, and similar themes are derived from the transcripts.

In Stage 2, a three-paged-survey form containing items which represent each of the themes found in Stage1 were distributed to 40 respondents in similar area to Stage 1. The data were analyzed using SPSS software, and factor analysis was utilized to validate the themes. Exploratory factor analysis (EFA) was adopted to validate possible dimensions emerged from the data set. EFA could be described as orderly simplification of interrelated measures. EFA, traditionally, has been used to explore the possible underlying factor structure of a set of observed variables without imposing a preconceived structure on the outcome (Child, 1990). By performing EFA, the underlying factor structure is identified, and composite scores from the original variables were created.

## 3. RESULTS

The interview results from Study 1 suggests the consumers tend to shop at the store mainly to get wholesome products-and not just *halal*-labeled products. There are indications that they have greater confidence of the *halal* status of products offered at the outlet as well as the feel-good factor of knowing that they are patronizing Muslim-owned outlets.

All respondents were very particular about *halal* status of products. They choose to patronize the store based on their

belief that retail stores that carry Islamic images offer products that are truly *halal*, or fit for Muslim consumption as compared to others. It appears that many of the respondents have doubts on the *halalness* of products that are sold in an ordinary supermarket.

*"I have more confidence on products that are made and sold by Muslims than those at the supermarkets"* - Respondent 3

*"...I have doubt on the halalness of products sold by ordinary supermarkets... fish ball, fish cakes by non-Muslim products are doubtful...you don't know what are their ingredients...can't take them...fear that its haram."* - Respondent 1

Respondents' patronage of Islamic-based retail stores is a form of support to Muslim businesses.

*"...Muslim products and we want to help our Muslim's business"* - Respondent 6

*"We are now more concern on purchasing halal products...in fact some of us will not patronage Tesco, because of its connection with Jews, so this type of store (Islamically positioned store) is good..."* - Respondent 2

Respondents mentioned that they are looking for products that are *halalan toyyiban*. The concept is an extended version of *halal* that stresses the goodness of products.

*"Actually, I am concern not only on the halal status of a product but also on the goodness of the product that is the halallan toyyiban"* - Respondent 3

Overall, five themes emerged from the interviews: (1) Muslim products, (2) Islamic store atmosphere, (3) Humanistic values of personnel, (4) *halal* product certification, and (5) Islamic values. Based on the themes, five dimensions and its items are developed. The data from the Stage 2 survey were analyzed for missing data, outliers and distribution pattern. Finally, all the cases were retained for factor analysis procedure.

Table 1 summarizes results of EFA. It was analyzed by using principal component factor analysis with Varimax Rotation. The analysis was performed based on 46 variables that influence consumer patronage Muslim retail store. Result of the study indicated that, Barlett's Test of Sphericity was significant (Chi-square = 9020.39,  $P < 0.000$ ). The measure of sampling adequacy by Kaiser-Meyer-Olkin is 0.936 and it is accepted as the value is  $> 0.6$  (Kaiser, 1974). In other words, the result support adequacy of the data set to adopt factor analysis procedure.

The result portrays the factor analysis results and the items that load on each dimension. 5 items loaded on first dimension (Muslim product), 4 items loaded on second dimension (Islamic atmosphere), 10 items loaded on third dimension (humanistic), seven attributes loaded on fourth dimension (*halal product*), eight items loaded on fifth dimension (Islamic values).

**Table 1: Factor loadings for islamic retails store**

Store image dimensions		Factor loading	Variance (%)	Communalities
<b>Dimension 1: Muslim product (5 attributes)</b>				
D11	Quality of the Muslim product in this store	0.642	13.71	0.621
D12	Wide selection of Muslim products	0.681		0.626
D13	Confident with source where the seller gets the product from ( <i>halal</i> and <i>tayyib</i> )	0.659		0.590
D14	Provides numerous muslim products with variety of brands			0.346
D16	Muslim made product are blessed and superior compare to other product	0.619		0.414
<b>Dimension 2: Islamic store atmosphere (4 attributes)</b>				
D21	Islamic appeals	0.651	26.12	0.630
D23	Islamic aesthetic value	0.741		0.588
D24	Islamic religious activities	0.706		0.612
D26	Follow Islamic dress code	0.590		0.530
<b>Dimension 3: Humanistic (10 attributes)</b>				
D31	Honest with consumers	0.553	34.64	0.535
D32	Friendly	0.572		0.485
D33	Service is excellent	0.554		0.515
D34	Quick response	0.559		0.595
D35	Helpful salesperson	0.625		0.56
D36	Courteous store personnel	0.692		0.623
D37	Knowledgeable store personnel	0.562		0.496
D39	Toleration during transaction	0.684		0.624
D31	Entertain the consumer well	0.525		0.508
D31	Gives a full attention	0.508		
<b>Dimension 4: Halal product certification (7 attributes)</b>				
D41	Using <i>halal</i> logo will help me confident to choose product base on religious belief	0.656	42.27	0.609
D42	Full confidence in <i>halal</i> logo and feel comfortable	0.581		0.507
D43	Understand the procedure and verification of <i>halal</i> JAKIM	0.515		0.545
D44	Choose product with <i>halal</i> JAKIM symbols	0.668		0.632
D45	JAKIM <i>halal</i> logo is in harmony with religious values	0.649		0.6
D46	<i>Halal</i> logo products adhere to <i>halal</i> and haram based on Islamic rules and law	0.655		0.509
D47	<i>Halal</i> logo come from trusted sources, processing and produce from <i>halal</i> source is verified by JAKIM	0.657		0.579
<b>Dimension 5: Islamic values (8 attributes)</b>				
D53	Appreciate muslim consumers	0.696	49.05	0.687
D54	Religiosity tolerance to consumers	0.504		0.644
D55	Respect muslim	0.612		0.657
D57	Improve economy of ummah express	0.551		0.645
D59	Do not seem fraudulent in their business	0.687		0.675
D60	No uncertainty in business transaction	0.756		0.668
D61	Does not support unethical practices	0.609		0.675
D62	Deliver product according to promises	0.667		0.500

#### 4. DISCUSSIONS

The findings from the study contribute to the development of a measurement of Islamic store attributes that can be further used in future studies. Given the explorative nature and limited context of this study, the highlights from this study need further investigation and empirical evidence from larger geographic contexts locally and internationally. Markets with multi-religious societies may also benefit from this retail format, especially with the rising appreciation and understanding of the *halal* concept among non-Muslim consumers.

#### 5. CONCLUSION

The most highlighted criteria of Muslim consumer expectation of Islamic-based retail stores in this study are: To offer *halal* not only by certification but in trusted process of achieving *halal*, Muslim made

product and store ambience that emphasizes Islamic aesthetic values. The five store attributes put forward by the study are Muslim product, Islamic store atmosphere, humanistic, *halal* product certification, and Islamic values. Retailers operating in predominantly Muslim markets, would benefits from acknowledging retail dimensions appreciated by Muslim consumers, and to understand their motives for shopping in a store that emphasize values endorsed by Islamic religion. Religious consumer is a niche market in a general sense, but could be a significantly large market in the context of Muslim consumers. Therefore, relevant retailers would benefit from what this study has to offers, and more importantly, from Muslim consumers' retail patrons and loyalty.

#### 6. RECOMMENDATIONS

Retail stores targeting Muslim consumers, or operating in predominate Muslim markets should consider to emphasize on



building good relationship with, particularly in this case, Muslim consumers. Stores should stress ethical considerations of business practices, such as highlighting the ethical considerations, or socially responsible gestures considered by the store in product selections. Retailers operating in predominant Muslim markets would want to adopt suitable type of Music, or melodic Qur'anic recitation, to provide a preferred store aura. Meanwhile, products that have explicit marking of any association with Muslim bodies or manufacturers, brand names or symbols associated to Islam and Muslim associations would be better choices to other products. With the emergence of a new 'Muslim Made' label in markets like Malaysia, this would be another cue that could assist retailers in choosing right products for the consumer group.

Overall, due to this exploratory and limited scope of study, further study should be performed to validate and confirm the dimensions offered in this paper. As the Muslim consumers' market is a large and globally diverse market, the potential of the market should take into consideration the diversity Muslim consumers across the globe. While this study is limited to the sample of this study, it is hoped that it would motivate further research on the role of religion in shaping the future retail scape.

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