



THE IMPACT OF CAUSE RELATED MARKETING ON
CONSUMER PURCHASE INTENTION: A STUDY ON
HALAL PRODUCTS IN MALAYSIA

BY

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A dissertation submitted in fulfilment of the requirement for
the degree of Master of Science (Marketing)

Kulliyyah of Management and Economics Science
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July 2019

ABSTRACT

In view of the potential growth of *Halal* food industry worldwide, Malaysia's economy is expected to be the *Halal* global hub by 2020. Muslim consumers are increasingly becoming aware of their purchasing power and its efficiency on rewarding companies for being more responsible about the community and the environment. In this study, the researcher took the initiative to examine the impact of cause-related marketing campaigns (CRM) with Islamic related cause in motivating consumer toward purchasing *Halal* food products in Malaysia. The researcher conducted the study in Malaysia Kelang valley targeting local Muslim consumers in general and many other nationalities. The sample of the study consists of 300 respondents of which 223 are males, and 77 are females. Typically, responses were drawn from a convenient sample. The first part of the survey was a self-developed checklist to investigate respondents' demographics. The second part was adapted from previous researches to measure the impact of the independent variables on consumer purchase intention of *Halal* food products. In this study, the researcher supported his argument with the adaption of the TPB theoretical model to support the conceptual model, which was supported by many other scholars. The study instrument represented the five variables, three of which are presented as TPB model variables namely attitude, subjective norms, perceived behavior control, and the native variable CRM and their impact on purchase intention. The study outcome showed that consumers whom CRM campaigns influence are willing to purchase *Halal* food products as all the independent variables attitude, subjective norms, perceived behavior control and most importantly CRM all showed a significant impact on consumer purchase intention for *Halal* food products. The findings of the study implied valuable contribution in various aspects. Theoretically, the study findings showed conclusive evidence for the establishment of TPB. The study results greatly synchronized positive with the findings of previous studies. From the managerial perspective, the research findings come to validate CRM as a potential marketing strategy, especially for the *Halal* food industry. The results have shown that consumers are significantly influenced by CRM campaigns, especially if when they are authentic and meet the trending social and environmental causes. Managers need to invest in the opportunity of changing their companies commercial marketing strategy to a more authentic and efficient CRM strategy. Finally, as a consequence for the validation of the impact of CRM on consumer and effectiveness in improving companies marketing strategy, the researcher proposed recommendation for the policy to impose regulations for companies to adapt to CRM strategy with related cause to Islamic values and Maqasid Al Sharia to cater for Muslim consumers needs and concerns. This study was limited to Muslim consumers in Kelng valley and to the Malaysian context so that the researcher would recommend further studies in various Islamic countries with promising potentials for the *Halal* industry.

خلاصة البحث

انعكاساً لتطلعات التطور الصناعي المتسارع لمنتجات الأغذية ذات العلامة التجارية (حلال) على مستوى العالم ولتوجه الحكومة الماليزية إلى تعزيز تلك التطلعات بالعمل على أن تكون ماليزيا المركز العالمي الأول للعلامة التجارية (حلال) كجزء من استراتيجيه النمو الاقتصادي للعام 2020. كذلك وحيث ازداد وعي المستهلك المسلم بمدى قوة تأثير القوة الشرائية التي يحظى بها في دفع الشركات لتقديم منتجات تلبي احتياج الفرد والمجتمع و البيئه. فقد هدف الباحث إلى دراسة تأثير استراتيجيه التسويق المرتبط بالهدف الاجتماعي على رغبة المستهلك في شراء منتجات الأغذية ذات العلامة التجارية (حلال). حيث اقتصر البحث على دراسة آراء العملاء المسلمين في ماليزيا في منطقة كلانق فالي تحديداً، حيث لم يقتصر البحث على العملاء المحليين فقط بل شمل العديد من الجنسيات الأخرى. وقد شملت عينة البحث 300 عميل منهم 223 من الرجال و77 من النساء، هذا وتم إختيار العينة بشكل مرن. حيث تكونت الاستبيانات من جزئيتين الأولى عبارة عن قائمة مرجعية معدة من قبل الباحث للتحقق من الخصائص الديموغرافية للمستجوبين. أما الجزئية الثانية: فقد تم اقتباسها من مراجع وأبحاث سابقة لدراسة مدى تأثير كل من المتغيرات الثانوية على المتغير الأساسي وهو رغبة العميل في الشراء. ولبناء هيكلية المتغيرات المقترحة للبحث، استند الباحث نظرياً إلى نظرية التخطيط السلوكي والتي تتضمن ثلاث متغيرات هي موقف العميل من المنتج والمتغيرات المحيطة و مقدار تحكم العميل في السلوكيات تجاه عمليه الشراء حيث تم إضافة المتغير الأساس لهذا البحث الى هيكلية بناء متغيرات البحث المقترحة لتشمل التسويق الاجتماعي المرتبط بهدف اجتماعي. حيث شكلت الهيكلية المقترحة أثر جميع العناصر الأساسية للنظرية مع أثر التسويق الاجتماعي المرتبط بهدف اجتماعي على رغبة العميل في شراء المنتجات الغذائية (حلال). وبالنظر إلى نتائج البحث فإن البحث أثبت التأثير الإيجابي لجميع المتغيرات وبشكل استثنائي على رغبة العميل في الشراء لمنتجات الأغذية (حلال). حيث تشكلت مخرجات هذه الدراسة على ثلاث محاور أساسية. واستناداً إلى النظريات السابقه فقد أكدت الدراسة كذلك إمكانيه استخدام نظرية التخطيط السلوكي (TPB) لدراسة مدى تأثير التسويق المرتبط بهدف اجتماعي (CRM)، حيث أثبتت نتائج البحث نتائج ايجابية مماثلة لنتائج الدراسات السابقه. أما على الصعيد الإداري، فقد أكدت نتائج الدراسة على فاعليه استخدام إستراتيجيه التسويق المرتبط بهدف اجتماعي لاسيما في التسويق للمنتجات الغذائية ذات العلامة التجارية (حلال). حيث أظهرت الدراسة رغبة العملاء في شراء المنتجات الغذائية المرتبطه بحملات تسويقية مرتبطة بأهداف اجتماعية تزداد عندما تلامس أهداف الحملة احتياج الفرد والمجتمع والبيئه بشكل ملموس. وبالنظر الى جملة التوصيات التي يقدمها الباحث، فإن على مدراء الشركات العمل على تطوير الاستراتيجيات التسويقية التقليدية لتكون استراتيجيات تسويقية اجتماعية قائمة على أهداف اجتماعية حقيقية تخدم العميل والمجتمع والبيئه. كما أشار الباحث إلى دور صنّاع القرار في تقنين وإرشاد الشركات لتبني هذه الاستراتيجيات وجعلها مرتبطة بأهداف قائمة على مقاصد الشريعة الإسلامية لتكون معززة لإيمانات وممارسات العميل المسلم وبطبيعتها سوف تساهم في خدمة المجتمع والبيئه. وفي ختام التوصيات أشار الباحث إلى محدودية البحث جغرافياً حيث اقتصر على منطقة كلانق فالي في العاصمه كوالالمبور، وأوصى بالعمل على القيام بدراسات أخرى في دول إسلامية أخرى مرتبطة بأسواق المنتجات ذات العلامة التجارية (حلال).

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Marketing).

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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ACKNOWLEDGEMENTS

Firstly, it is my utmost pleasure to dedicate this work to my beloved mother, Zainab Othman, and my father Mohammed Ahmed and my lifetime mentor, my beloved brother Adel Naji. Indeed, I couldn't see this milestone in my lifetime career without the unconditional support and motivation of my darling sisters Thurya and Fethiye. Thank you Khalid, Abdulkader, Othman without all of your support I wouldn't be going this far beyond my capabilities to make this goal come true, thank you all for your unwavering belief in my ability to accomplish this goal.

I wish to express my appreciation and thanks to those who provided their time, effort, and support for this project. To my beloved friends who supported and encouraged me to achieve this milestone, especially my dear brother Mohammed Jalloh. Members of my dissertation committee, thank you for sticking with me.

Finally, a special thanks to Assoc. Prof. Dr. Muhammad Tahir Jan for his continuous support, encouragement, and leadership, and for that, I will be forever grateful.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

This chapter elaborates the research background and the evolution of societal marketing. The background of the study will present the timeline of societal marketing development since the early initiatives prior to 1950s until the researcher reaches to the current evolvement of marketing sustainability. The chapter explains how consumers are always in need of any form of societal marketing to satisfy their commitment toward their community and environment.

Consumers consider societal marketing as their hand of power to force companies to be responsible for society to intimidate them to purchase the products (Babu & Mohiuddin, 2008). The researcher will mitigate the positive impact of personal values and religious influence on consumer decision making and attitude toward the brands. In this regard, the researcher deliberates consumer's basic personal motives that could encourage them to make a purchase decision and to have a positive attitude towards the brands and proceed to the purchase decision for the product/service.

With the substantial growth of Muslims population around the world which is estimated to be 1.65 billion, more specifically 69% in Asia which in total forms 24% of the world population. The need for *Halal* food products will always attract businessmen to invest in this booming industry especially with an estimated increase of Muslim population over one percentage point each decade, reaching to four

percentage in 2020 and one out of three by 2075 (Kettani, 2010). Looking at the statistics can leave the economist with one fact that Muslim consumers are becoming a major driving force where it will be identified as the four billion market segment (Suki & Salleh, 2011a). As with huge potentials come bigger responsibilities, the researcher in this study detects the efforts to add a valid contribution to the *Halal* food industry by examining the impact of CRM on consumer purchase intention for *Halal* food products to validate the study findings in Malaysia as potential *Halal* food global hub, and the fact that Malaysia is a Muslim country with a majority of Muslim consumers estimated by 20 million (Department of Statistics, 2018). In addition, Malaysia is ranked as the largest destination for *Halal* tourism estimated with more than five million visitors in 2013 (Shafaei & Mohamed, 2015), the researcher can justify conducting this research on Muslim consumers in Malaysia. Consequently, this chapter depicts an overview of the *Halal* industry and its rooted relation to *Maqasid Al Sharia* to present a holistic understanding of the motives for Muslim consumers for *Halal* food products.

1.2 BACKGROUND OF THE STUDY

With the current expansion in the industrial business, stakeholders are becoming more educated and increasingly demand more than just their basic needs as normal consumers. as far as the industry could boom to reach its profitable schemes and as far as the gap between the three developmental components is widening.

Societal marketing was introduced back in the 20th century to attempt to shrink this gap between the company, the customer and the society. If we flashback in the time

to see the first initiative for social marketing, we will realize that it's a responsible reaction to the industrial revolution (Carroll, 2009).

Today's refined version of societal marketing initiatives is basically a result of a long journey of evolvement for the social responsibility concept. In this chapter, the researcher goes in depth to elaborate the historical background and the steps that have been taken by the industry to adapt to customer needs for more social, sustainable yet responsible products.

Starting from the first decade of the 2000s, the basic social initiatives for anti women and children labour in Great Britain became more institutionalized, was adapted as a component of the corporate social responsibility and was interpreted in a more strategic approach to build the company strategic CSR orientation. Today, we see clear impactful examples in CSR development in developed countries as more scholars and practitioners in Europe are making valuable contributions in the form of writings, researches, conferences and consultations. Also, many Asian countries follow the lead by giving more attention to CSR formulation relative to policies and practices (Carroll, 2009).

The researcher will utilize his research tools and findings to prove the impact of CRM and the religious beliefs motivating consumers for purchasing *Halal* food products as a fulfilment for their religious practices. Researches show that many initiatives took place in history as motives for social responsibility which might be contradicting with the known fact that consideration for social responsibility started in the 1950s. To have more of a holistic view for the study background, the researcher will elaborate the social responsibility initiatives timeline to have holistic understanding for the development timeline and the causes behind such changes.

Prior to the 1950s, the first social criticisms took place in Great Britain concerning the employment of women and children and how it caused many social problems inclusive of labour unrest, poverty, slums and most importantly women and children labour (Carroll, 2009). In these early stages, it was hard to categorize such movements as humanitarianism or philanthropy, and business acumen. In 1953, the awareness era started with landmark book publication by Howard Bowen “Social Responsibility of the businessman”. It was marked as the beginning of the modern Social Responsibility era for providing supporting literature for that period (Carroll, 2009). The book was positioned as a distinguished addition to the social responsibility development as it popped up the question that we still ask until today (What responsibilities to society may businessmen reasonably be expected to assume?). In addition, the book brought a clear definition of businessman’s social responsibility. “(SR) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Carroll, 2009, p. 28), which was considered as a valuable guide for business in the future. It is agreed that Howard Bowen indeed should be called as the “father of Social responsibility” as Carroll was defending to prove. Though Bowen’s proposal was claiming for further adaptation of CSR in strategic level in the corporates, Carroll, (2009) summarized that decade of the 1950’s as more of orientation period for business executives to learn and be more comfortable with the CSR concept.

The 1960s were described as growing and flourishing periods for CSR as companies started to embrace it in a form of philanthropy, employee improvement in term of working conditions and industrial relations, personnel policies which also

reached to the other stockholders by developing customer relations. It is safe to say that the 60s were mainly theoretical based than practical. (Marrewijk, 2003).

In 1970's Heald, (1988) brought more to the scene by introducing his book, *The Social Responsibilities of Business: Company and Community, 1900–1960*. The book accelerated the development of CSR to the next level as he defined and experienced the concept of social responsibility from the businessman perspective in the form of effective policies in the firm. Harold Johnson followed the success of Morel by introducing his book “*Business in Contemporary Society: Framework and Issues (1971)*”, which introduced variant definitions of CSR as he presented for the first time what he terms” conventional wisdom”.

In 1971 the committee for economic development (CED) published an out-breaking contribution “*Social Responsibilities of Business Corporations*”(Hay & Gray, 1974). What was special in CED is that their unique composition of business people and educators which was reflected in different practitioner for the changes in the social bond between the business and society and the newly emerging social responsibilities (Carroll, 2009). To summarize the 1970s was the period were CSR stated to be legislative as companies were mandated to institutionalize corporate social responsibility to comply with federal laws dealing with the environment, product safety, employment discrimination and workers safety (Carroll, 2009).

During the 1980s, the evolvement progress continued for CSR as it was presented with many other alternative terminologies corporate social policy process. Carroll, (2009) mentioned that Epstein was looking for the institutionalization of the three elements: business ethics, corporate social responsibility and corporate social responsiveness.

The 1990s was the first introduction of this research independent variable Cause-related marketing CRM along with sustainability, community partnership and corporate social policy. During that period, more global companies appeared in the economy which by proxy adapted the CSR policies and translated them to new concepts, such as global social policy, corporate reputation, cause-related marketing, international donations, employee volunteerism.

As a result of the circle of beneficiaries of this concept, it expanded to different initiatives educational, cultural and the arts, health and human services, civic and community, international donations, community partners, and NGO partners (Carroll, 2009). Throughout cause-related marketing, the companies were able to bridge themselves harmoniously with the members of the community by doing good to the society, which was positively reflected in the consumer purchase power for the company products (Babu *et al.*, 2008). With CRM, companies started to go further into understanding consumers' potential determinants to purchase cause-related products and further to related factors influencing purchase intention (Adomaviciute *et al.*, 2016).

Statistically, approximately 80 per cent of surveyed consumers stated that corporations support that cause generates greater trust, as 86 per cent confirmed that by switch to brands that support a cause when they face products with equal price and quality. In addition, 85 per cent mentioned that companies committed to social cause played a major role while deciding the local community where they want to do business (Hay & Gray, 1974) . The given facts and statistics leave the researcher with a solid base to build this study argument to defend the impact of cause-related marketing on consumer purchase intention for *Halal* food products.

Following the track of cause-related marketing in the twenty-first century which was the flourishing era for corporate social responsibility, researchers started conducting empirical researches based on the developed theoretical contributions and definitions and meanings. For example, the contingency theory of corporate social performance was introduced by Brayan Husted as he argued that it is a function between the nature of the social issue and its corresponding strategies and structures (Carroll, A. 2009).

Many other scholars continued to make contributions to the CSR as they ended up presenting 25 practices to assist companies with their CSR programs. The best practices were categorized into six major types of social initiatives with examples. These categories included the following : (1) cause promotion (which aims to increase the awareness and concern for social causes); (2) Cause-related marketing (which contributes to cases based on sales) whose influence on purchase decision is examined by the current research; (3) corporate social marketing (which is projected in behaviour change initiatives); (4) corporate philanthropy (which contributes directly to causes); (5) community volunteering (where by employees donate their time and talents for the community); (6) social responsibility business practices (which is discretionary practices and investment to support causes).

1.3 STATEMENT OF THE PROBLEM

Consumers are willing to use their purchasing power as a double-edged weapon either to reward companies for being more responsible of the society and environment or punish them for being less responsible (Babu *et al.*, 2008). Similarly, studies show that consumer perception about product value keeps evolving and it's

going beyond customer personal needs, it's becoming more about their society and environment and companies should satisfy consumer awareness by adapting CRM strategies (Mercedes *et al.*, 2013). Not only companies are striving to find competitive advantage through CRM strategy, but non-profit organizations are similarly in need to diversify their funding resources through CRM partnerships especially with the declines in the government support (Westberg & Pope, 2005).

The last 50 years showed a significant evolvement in the concept of CRM where many types of research were conducted to provide solid literature to support the adaption of social responsibility strategies in the corporates and the governance policies (Westberg & Pope, 2005). In comparison with Asian countries, social responsibility policies and practices are developed to follow the lead of the European countries while taking more major changes to necessitate further extensive researches to validate the arguments. In another context, Malaysia is taking a leading position in the *Halal* booming industry in the global market, which still gives room for further enhancement to shape its brand with global appeal yet Islamic and Sharia compliance practices. The exclusivity and the profound understanding of *Halal* brand oblige many scholars to conduct further studies discover the implications and limitations for practising variant marketing strategies. With today's competitive market companies are obliged to venture to new marketing strategies that can make brands more attractive to the customers. Consumers are becoming more sophisticated and demanding which makes companies obliged to add symbolic value to their brand (e.g., ethical and altruism) (Mohamed *et al.*, 2012). Reviewing the *Halal* market in Malaysia and its potential positioning in the global market, "it is imperative for Malaysia to remain competitive in the global *Halal* marketplace as this is an industry that involves serious challenges" (Manaf Bohari *et al.*, 2013, p. 1).

This fact implies that *Halal* food industry will always be in need for a new marketing strategy that presents the pure and profound core value of *Halal* food to the Muslim and the Non-Muslim consumers as an attractive and humanistic food brand. The profound core meaning of *Halal* food mentioned in Holy Quran 16:114 "Then eat of what Allah has provided for you (which is) lawful and good. And be grateful for the favour of Allah, if it is (indeed) Him that you worship", should genuinely be resampled in the cause that consumers are intuitive to out of their ethical or altruistic values. As many researches are conducted to measure consumer responsiveness to CRM around the world and most statistics were valid at defending consumers responsiveness to CRM in USA and Western countries in the last 20 years. CRM campaigns is still considered new in Malaysia and researches conducted in this area are few (Manaf Bohari *et al.*, 2013).

Theoretically, to support the argument of this study the researcher will adopt the theory of planned behaviour TPB to justify a valid argument for the impact of CRM on purchase intention for *Halal* food products. TPB is an extension of the theory of reasoned action (Ajzen, 1985; Shah Alam & Mohamed Sayuti, 2011a). Ajzen, (1985, p. 1) mention that "A theory of reasoned action is described which traces the causal links from beliefs, through attitudes and intentions, to actual behaviour". As this study is examining purchase intention as the dependent variable, the modified theory called the theory of planned behaviour will be used as it takes in to account the perceived as well as the actual control over the behaviour under consideration (Ajzen, 1985). The TPB explains an individual performance as a reaction to certain behaviour in the TPB attitude toward target behaviour. Subjective norms about engaging in the behaviour are thought to influence intentional behaviour for purchasing *Halal* food products. Moreover, perceived behaviour

control engaging in the behaviour serves as a factor influencing purchase behaviour for *Halal* food products (Shah Alam & Mohamed Sayuti, 2011a).

Attitude toward the behaviour is considered either a positive or negative evaluation for performing the behaviour and perceived behaviour control is informed by beliefs of the individual's possession of the opportunities and resources needed to engage in the behaviour (Ajzen, 1991; Shah Alam & Mohamed Sayuti, 2011a).

As it is theoretically hard to prove the relation between the TPB model variables and the purchase intention for *Halal* food products, the research will empirically prove the relation through this research objective and hypothesis.

1.4 OBJECTIVES OF THE STUDY

The objectives are categorized into general objectives and specific objectives.

5.4.1 General Objective:

Generally, the objective of this research is to examine the impact of CRM on customers purchase intention of *Halal* food products.

5.4.2 Specific Objectives:

The study aims to achieve the following objectives of adapting the TPB model along with the CRM to examine its impact on purchase intention:

- 1- To examine the impact of consumer attitude on purchase intention for *Halal* food products.
- 2- To examine the impact of consumer subjective norm on purchase intention for *Halal* food products.

- 3- To examine the impact of consumer perceived behaviour control on purchase intention for *Halal* food products.
- 4- To examine the impact of CRM on purchase intention for *Halal* food products.

1.5 RESEARCH QUESTIONS

- 1- What is the impact of consumer attitude on purchase intention for *Halal* food products?
- 2- What is the impact of consumer subjective norm on purchase intention for *Halal* food products?
- 3- What is the impact of consumer perceived behaviour control on purchase intention for *Halal* food products?
- 4- What is the impact of CRM on purchase intention for *Halal* food products?

1.6 SIGNIFICANCE OF THE STUDY

The researcher took the initiative to conduct this study to measure the impact of CRM on consumer decision making for *Halal* food products. Muslim consumers are rarely exposed to CRM campaigns for *Halal* food products that are built to meet *Maqasid Al Sharia* principles in its three main components: cause, partnership, profit. The market is becoming more competitive and consumers are using their purchase power as a tool to force companies to adopt social responsibility as the main component in company strategy. As the *Halal* industry is booming to claim its success in the global market, the study seeks to make an academic contribution to

the *Halal* industry by examining the mitigating impact of CRM on Muslim purchase intention for *Halal* food products.

According to the Malaysian Investment Development Authority (MIDA) report for food technology and sustainable resources “The global *Halal* market is currently estimated at US\$2.3 trillion, covering both food and non-food sectors. It was estimated that the potential value of the global *Halal* food market contributes US\$560 billion annually. By the year 2018, world Muslim consumer expenditure is expected to grow to US\$2.4 trillion from US\$1.6 trillion in 2012” (Malaysian Investment Development Authority, 2018, p. 2). This study will present the consumer reaction to CRM and its impact on their purchase intention in general, and specifically examine the impact of TPB model variables attitude, subjective norms, perceived behaviour control in purchase intention for *Halal* food products. The population of this study is Muslim consumers in Malaysia. There is no doubt that potentials and development can never be achieved without further studies especially in the field of CRM and its impact in the purchase intention for *Halal* food products which still have much more needed studies to open the companies vision to this potential market and provide a guideline for companies to penetrate their strategies for *Halal* market.

1.7 SCOPE OF THE STUDY

This study is conducted to measure the impact of CRM on the consumer purchase intention for *Halal* products, the Theory of planned behaviour (TPB) is used to validate the perceptual framework. The study population is represented by Muslim consumers in the Klang Valley of Malaysia. The chosen region is believed to be a

representing area for Muslim consumers in Malaysia. In details consumer purchase intention will be studied as an endogenous (dependent) variable, consumer attitude, perceived behaviour control, subjective norms and CRM will be defined as the exogenous (independent) variables.

1.8 DEFINITIONS OF TERMS

The researcher gives the definitions of these key terms to help in understanding the framework of the study.

Attitude toward the behaviour

It is a scale degree to the persons favourable or unfavourable evaluation or appraisals of the behaviour in question (Ajzen, 1991, p. 3).

Perceived behaviour control

It is the perceived ease or difficulty of performing a behaviour that is assumed to reflect persons past experience and anticipated impairments and complications (Ajzen, 1991, p. 5).

Subjective norms

It is the social pressure to perform or not to perform a behaviour (Ajzen, 1991, p. 10).

Cause-related marketing (CRM)

Formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers