

Faculty of Technology Management and Technopreneurship



Doctor of Philosophy

DETERMINANT OF PURCHASE INTENTION THROUGH ONLINE ON HALAL COSMETIC

ROSZI NASZARIAH NASNI BINTI NASERI

A thesis submitted in fulfillment of the requirements for the degree of Doctor of Philosophy



UNIVERSITI TEKNIKAL MALAYSIA MELAKA

DECLARATION

I declare that this thesis entitled "Determinant of Purchase Intention Through Online on Halal Cosmetic" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.



APPROVAL

I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy.



DEDICATION

I dedicate this thesis to my beloved parents Naseri and Rosnany Linoby for their endless love, support and encouragement. I love you both and I appreciate everything that you have done for me.



ABSTRACT

Globally, the rapid development of internet information technology has made e-commerce to become one of the main channels for people to shop online. This factor has changed the business model from the traditional distribution model (offline) into a new form of a business model (online) platform. In the case of Malaysia, the growth of the middle class and Muslims who were born in the digital era, has been the determining factors for online transactions. Due to this factor, the halal cosmetics industry has also witnessed a tremendous increase in consumer demands through online. However, due to the absence of physical interaction in the online environment, consumers purchase intention through online is declining because majority of Muslim consumers do not trust the online platform that sells halal cosmetics. As such, the current research attempt to investigate the purchase intention of Muslim customers towards purchase of halal cosmetics through online. Consequently, a self-administered questionnaire was used to collect data for the study from 400 Muslim consumers in Malaysia's central area. The data was examined using AMOS 22.0 SEM software and structural equation modelling. The findings of the study show that perceived ease of use, perceived usefulness, and attitude all influence the propensity to purchase halal cosmetics through online. The mediating effect of trust; and the moderating role of religiosity were also investigated. All the eight hypotheses evaluated in this study were confirmed to be significant and influence the purchase intentions of Muslim to purchase halal cosmetics through online. Also, the technology acceptance was found to leads to increase consumer purchase intention of halal cosmetics through online platform. The implication of the study is expected to aid the creation of a TAM model, specifically for online halal cosmetics consumer behaviour. This study also beneficial for halal cosmetics practitioners to make better and informed decision on halal cosmetics products through online platforms. In conclusion, the current study contributes to a better understanding of the important variables that influence consumers' purchase intention of halal cosmetics through online. This will assist the halal cosmetics industry to better advertise and position themselves in the competitive landscape and provide marketing practitioners a deep understanding of what leads consumers from various market segments to buy halal cosmetics through online.

PENENTU NIAT PEMBELIAN MELALUI ATAS TALIAN TERHADAP KOSMETIK HALAL

ABSTRAK

Di peringkat global, perkembangan pesat teknologi maklumat internet telah menjadikan edagang menjadi salah satu saluran utama untuk orang ramai membeli-belah atas talian. Faktor ini telah mengubah model perniagaan daripada model pengedaran tradisional (luar talian) kepada bentuk baharu platform model perniagaan (dalam talian). Bagi kes Malavsia, pertumbuhan kelas pertengahan dan umat Islam yang lahir dalam era digital, telah menjadi faktor penentu untuk transaksi atas talian. Disebabkan faktor ini, industri kosmetik halal turut menyaksikan peningkatan yang sangat besar dalam permintaan pengguna melalui talian. Bagaimanapun, disebabkan ketiadaan interaksi fizikal dalam persekitaran atas talian, niat membeli pengguna melalui atas talian semakin merosot kerana majoriti pengguna Islam tidak mempercayai platform atas talian yang menjual kosmetik halal. Oleh itu, kajian ini cuba menyiasat niat pembelian pelanggan Islam terhadap kosmetik halal melalui atas talian. Oleh itu, soal selidik yang ditadbir sendiri telah digunakan untuk mengumpul data bagi kajian daripada 400 pengguna Islam di kawasan tengah Malaysia. Data telah diperiksa menggunakan perisian AMOS 22.0 SEM dan pemodelan persamaan struktur. Dapatan kajian menunjukkan bahawa persepsi kemudahan penggunaan, persepsi kegunaan, dan sikap semuanya mempengaruhi kecenderungan untuk membeli kosmetik halal melalui atas talian. Kesan pengantara kepercayaan; dan peranan penyederhanaan agama juga disiasat. Kesemua lapan hipotesis yang dinilai dalam kajian ini disahkan signifikan dan mempengaruhi niat pembelian Muslim untuk membeli kosmetik halal melalui atas talian. Selain itu, penerimaan teknologi didapati membawa kepada peningkatan niat pembelian pengguna kosmetik halal melalui platform atas talian. Implikasi kajian ini dijangka membantu penciptaan model TAM, khusus bagi tingkah laku pengguna kosmetik halal atas talian. Kajian ini juga memberi manfaat kepada pengamal kosmetik halal untuk membuat keputusan yang lebih baik dan bermaklumat mengenai produk kosmetik halal melalui platform atas talian. Kesimpulannya, kajian ini menyumbang kepada pemahaman yang lebih baik tentang pemboleh ubah penting yang mempengaruhi niat pembelian pengguna terhadap kosmetik halal melalui atas talian. Ini akan membantu industri kosmetik halal untuk mengiklankan dan meletakkan diri mereka dengan lebih baik dalam landskap kompetitif dan memberikan pengamal pemasaran pemahaman yang mendalam tentang perkara yang mendorong pengguna dari pelbagai segmen pasaran untuk membeli kosmetik halal melalui atas talian.

ACKNOWLEDGEMENTS

In the Name of Allah, the Most Gracious, the Most Merciful

First and foremost, I would like to thank and praise Allah the Almighty, my Creator, my Sustainer, for everything I received since the beginning of my life. I would like to extend my appreciation to the Universiti Teknikal Malaysia Melaka (UTeM) and Universiti Teknologi MARA (UiTM) for providing the research platform.

My utmost appreciation goes to my main supervisor, Associate Professor Dr. Norfaridatul Akmaliah Binti Othman, Faculty of Technology Management and Technopreneurship, for all her support, advice, and inspiration. Her constant patience for guiding and providing priceless insights will forever be remembered. Also, to my co-supervisor, Associate Professor Ts. Dr. Mohd Hariri Bakri, who constantly supported my journey. My special thanks go to the Faculty of Technology Management and Technopreneurship and Centre for Graduate Studies (PPS) of UTeM for all the help and support I received from them.

Last but not least, from the bottom of my heart gratitude to my beloved husband, Muhammad Syukri Ishak for his encouragement and who have been the pillar of strength in all my endeavours. My eternal love also to all my children, Sophie Zahra and Muhammad Rayyan for their patience and understanding. I would also like to thank my beloved parents for their endless support, love, and prayers. Finally, thank you to all the individual(s) who had provided me the assistance, support, and inspiration to embark on my study.

TABLE OF CONTENTS

| APF DEI ABS ABS ACI TAH LIS LIS LIS | PROVA DICAT STRAG STRAI KNOW BLE O T OF T T OF A T OF A | TION CT | i iii iv viii x xii xiv xv |
|---|---|--|---|
| | | | |
| CH/ 1. | 1.1 1.2 | RODUCTION Chapter overview Research background | 1 1 1 |
| | 1.3 | Problem statement | 8 |
| | 1.4 1.5 | Research objective | 16 17 |
| | 1.5 1.6 | Research questions Significance of the study | 17 |
| | 1.0 | UN1.6.1 Academic significance MALAYSIA MELAKA | 18 |
| | | 1.6.1.1 Theoretical significance | 18 |
| | | 1.6.1.2 Methodological significance | 18 |
| | | 1.6.2 Practical significance | 19 |
| | 1.7 | Operational key terms | 20 |
| | 1.8 | The organization of the thesis | 20 |
| | 1.9 | Summary | 23 |
| 2. | ттт | ERATURE REVIEW | 24 |
| L. | 2.1 | Chapter overview | 24 24 |
| | 2.1 | Halal cosmetic industry | 24 |
| | 2.2 | 2.2.1 The use of online platform in Halal cosmetic industry | 28 |
| | 2.3 | Technology acceptance and usage model used in consumer behavioural | 20 |
| | 2.5 | study | 34 |
| | | 2.3.1 Diffusion of Innovation Theory (DOI) | 35 |
| | | 2.3.2 Theory of Reasoned Action (TRA) | 37 |
| | | 2.3.3 Theory of Planned Behaviour (TPB) | 39 |
| | | 2.3.4 Technology Acceptance Model (TAM) | 40 |
| | | 2.3.5 Unified Theory of Acceptance and Use of Technology (UTAUT) | |

| | 2.4 | Key determinant of TAM | 45 |
|----|------|--|-----|
| | | 2.4.1 Perceived usefulness | 46 |
| | | 2.4.2 Perceived ease of use | 48 |
| | | 2.4.3 Attitude toward using online | 51 |
| | | 2.4.4 Purchase intention through online | 53 |
| | 2.5 | TAM as underpinning theory | 55 |
| | 2.6 | Trust as a mediator | 59 |
| | 2.0 | Religiosity as a moderator | 63 |
| | 2.7 | TAM, trust, religiosity and halal cosmetics | 66 |
| | 2.8 | Hypotheses development | 69 |
| | 2.9 | 2.9.1 The relationship between perceived ease of use and perceived | 09 |
| | | usefulness | 70 |
| | | | 70 |
| | | 2.9.2 The relationship between perceived usefulness and attitude | 70 |
| | | towards using online | 72 |
| | | 2.9.3 The relationship between perceived ease of use and attitude | - |
| | | towards using online | 74 |
| | | 2.9.4 The relationship between attitude towards using online and trust | 75 |
| | | 2.9.5 The relationship between trust and purchase intention through | |
| | | online | 76 |
| | | 2.9.6 The relationship between attitude toward using online platform | |
| | | and purchase intention through online | 78 |
| | | 2.9.7 Mediating role of trust | 79 |
| | | 2.9.8 Moderating effect of religiosity | 82 |
| | 2.10 | Summary | 83 |
| | | | |
| 3. | | EARCH METHODOLOGY | 86 |
| | 3.1 | Chapter overview | 86 |
| | 3.2 | Research paradigm | 86 |
| | 3.3 | Research design | 87 |
| | 3.4 | Research instrument | 89 |
| | | 3.4.1 Measurement for demographic profile | 89 |
| | | 3.4.2 Measurement for perceive usefulness | 91 |
| | | 3.4.3 Measurement for perceive ease of use | 93 |
| | | 3.4.4 Measurement for attitude towards using online | 95 |
| | | 3.4.5 Measurement for purchase intention | 97 |
| | | 3.4.6 Measurement for trust | 99 |
| | | 3.4.7 Measurement for religiosity | 102 |
| | 3.5 | Scale design | 105 |
| | 3.6 | Pilot study | 106 |
| | | 3.6.1 Validity and reliability of scale | 106 |
| | | 3.6.1.1 Content validity | 106 |
| | | 3.6.2 Face validity | 109 |
| | | 3.6.2.1 Reliability of the measurements | 110 |
| | 3.7 | Population and Sampling | 111 |
| | | 3.7.1 Population | 111 |
| | | 3.7.2 Sampling | 112 |
| | | 3.7.2.1 Sampling technique | 113 |
| | | 3.7.2.2 Sampling frame | 113 |
| | | 3.7.2.3 Sample size | 114 |
| | | 1 | - • |
| | | | |

| | 3.8 | Data collection procedures | 115 |
|----|------------|--|----------------|
| | 3.9 | Data analysis procedure | 117 |
| | | 3.9.1 Descriptive statistics | 118 |
| | | 3.9.2 Structural Equation Modelling (SEM) | 119 |
| | | 3.9.3 Analysing measurement model (confirmatory factor analysis) | 121 |
| | | 3.9.3.1 Unidimensionality | 121 |
| | | 3.9.3.2 Reliability | 122 |
| | | 3.9.3.3 Validity | 123 |
| | | 3.9.3.4 Evaluating of model fit (Goodness-of-fit) | 124 |
| | | 3.9.3.5 Normality test | 126 |
| | | 3.9.4 Analysing structural model | 127 |
| | | 3.9.4.1 Hypotheses testing (testing structural relationship) | 127 |
| | | 3.9.5 Mediation analysis | 128 |
| | | 3.9.6 Moderation analysis | 130 |
| | 3.10 | Summary | 131 |
| | | , | |
| 4. | RESU | ULT AND DISCUSSION | 132 |
| | 4.1 | Chapter overview | 132 |
| | 4.2 | Response rate | 132 |
| | 4.3 | Descriptive analysis | 133 |
| | 4.4 | The Confirmatory Factor Analysis (CFA) | 135 |
| | 4.5 | Measurement models | 139 |
| | | 4.5.1 The assessment for construct validity | 144 |
| | | 4.5.2 The assessment for convergent validity and composite reliability | / 144 |
| | | 4.5.3 The assessment of discriminant validity among constructs | 146 |
| | | 4.5.4 The assessment of normality for items of all constructs | 147 |
| | 4.6 | The structural model and Structural Equation Modeling (SEM) | 149 |
| | | 4.6.1 Testing the mediator in the model and bootstrapping | 153 |
| | | 4.6.2 The hypothesis testing for moderation effect hypothesis | 156 |
| | | 4.6.3 Moderator variable in this study: religiosity | 156 |
| | | 4.6.3.1 Testing the hypothesis for low-level moderator | |
| | | (Religiosity) | 158 |
| | | 4.6.3.2 Testing the hypothesis for high-level moderator | |
| | | (Religiosity) | 161 |
| | 4.7 | Summary | 163 |
| = | CON | CLUCION AND DECOMMENDATIONS | 1(5 |
| 5. | 5.1 | CLUSION AND RECOMMENDATIONS | 165 165 |
| | 5.2 | Chapter overview | 165 |
| | 5.2 5.3 | Recapitulation of the findings Discussion | 165 |
| | 5.5 | | 100 |
| | | 5.3.1 Measuring the relationship between perceived ease of use and | 168 |
| | | perceived usefulness | 108 |
| | | 5.3.2 Measuring the relationship between perceived usefulness and | 160 |
| | | attitude towards using online | 169 |
| | | 5.3.3 Measuring the relationship between perceived ease of use and | 170 |
| | | attitude towards using online | 170 |
| | | 5.3.4 Measuring the relationship between attitude towards using and | 171 |
| | | trust | 171 |

| | 5.3.5 Measuring the relationship between trust and purchase intention | |
|-----|---|-----|
| | through online | 173 |
| | 5.3.6 Measuring the relationship between attitude towards using and | |
| | purchase intention through online on halal cosmetic | 173 |
| | 5.3.7 The mediating role of trust | 174 |
| | 5.3.8 The moderating role of religiosity | 176 |
| 5.4 | Contribution of the study | 177 |
| | 5.4.1 Theoretical (empirical) contributions | 177 |
| | 5.4.2 Managerial (practitioners') contribution | 179 |
| | 5.4.3 Methodological contributions | 180 |
| 5.5 | Research limitations and suggestions for future research | 184 |
| 5.6 | Conclusion | 185 |

REFERENCES APPENDICES

186 271



LIST OF TABLES

| TABLE | TITLE | PAGE |
|-------|--|-------|
| 2.1 | Malaysian halal cosmetic brand using online platform | 31 |
| 2.2 | Prominent technology-related models | 35 |
| 2.3 | Summary of research objectives, questions and hypotheses | 84 |
| 3.1 | The summary of demographic profile questions | 90 |
| 3.2 | Existing measurement of perceived usefulness | 91 |
| 3.3 | Original and adapted measurements for perceived usefulness | 93 |
| 3.4 | Existing measurement of perceived ease of use | 94 |
| 3.5 | Original and adapted measurements for perceived ease of use | 95 |
| 3.6 | Existing measurement of attitude towards using online | 96 |
| 3.7 | Original and adapted measurements for attitude towards using online | 97 |
| 3.8 | Existing measurement of purchasing intention SIA MELAKA | 98 |
| 3.9 | Original and adapted measurements for purchase intention | 99 |
| 3.10 | Existing measurement of trust | 100 |
| 3.11 | Original and adapted measurements for trust | 101 |
| 3.12 | Existing measurement of religiosity | 103 |
| 3.13 | Original and adopted measurements for religiosity | 104 |
| 3.14 | Content validity with a panel of experts | 107 |
| 3.15 | Face validity | 110 |
| 3.16 | Result of the Cronbach's alpha from the previous and present's pilot study | / 111 |
| 3.17 | Group interface as of September 2021 viii | 114 |

| 3.18 | Sampling size from previous research | 115 |
|------|---|-----|
| 3.19 | Data collection procedure | 117 |
| 3.20 | Fitness indexes category and the level of acceptance | 126 |
| 3.21 | The summary of hypotheses and its statistical analysis | 128 |
| 4.1 | Response rate | 133 |
| 4.2 | Demographic and profile details of samples | 134 |
| 4.3 | The three categories of model fit and their level of acceptance | |
| | (Awang et al., 2018) | 136 |
| 4.4 | The direct effect hypothesis and method of analysis | 137 |
| 4.5 | The hypothesis testing for mediators and method of analysis | 138 |
| 4.6 | The hypothesis testing for moderators and method of analysis | 138 |
| 4.7 | The Average Variance Extracted (AVE) and Composite Reliability (CR) | 145 |
| 4.8 | The discriminant validity index summary for all constructs | 146 |
| 4.9 | The assessment of normality for all measuring items | 147 |
| 4.10 | The coefficient of multiple determination or R ² and implication | 151 |
| 4.11 | The regression weight/coefficient and their significance | 152 |
| 4.12 | The hypothesis testing for direct effect relationships | 152 |
| 4.13 | Testing the mediator (trust - attitude – online purchase) | 154 |
| 4.14 | The bootstrapping procedure for mediation test in Figure 4.6 | 155 |
| 4.15 | The test of hypothesis for low religiosity | 159 |
| 4.16 | The test of hypothesis for high religiosity | 161 |
| 5.1 | Mapping of research objective, hypotheses and contributions | 181 |

LIST OF FIGURES

| FIGURE | TITLE PA | AGE |
|--------|--|------|
| 1.1 | The world Muslim population (Kettani, 2019) | 2 |
| 1.2 | Estimated change in population size, 2012-2050 (Pew Research Center, 201 | 5) 2 |
| 1.3 | The world's largest Halal Cosmetic consumer countries (Visiglobal, 2022) | 6 |
| 1.4 | IoT accelerated internet usage (MOSTI, 2019) | 7 |
| 1.5 | Distribution Channel of Halal Cosmetic (Maximize Market Research, 2021) | 11 |
| 1.6 | Presentation flow of the thesis | 22 |
| 2.1 | Malaysian halal market core sectors (HDC, 2020) | 28 |
| 2.2 | Country wise online sales (Istrata.co, 2022) | 30 |
| 2.3 | Share of sales channel of the halal cosmetics in Malaysia (Statista, 2021) | 33 |
| 2.4 | Diffusion of Innovations (Rogers, 1962) | 37 |
| 2.5 | TRA model (Fishbein and Ajzen, 1975) | 38 |
| 2.6 | TPB model (Ajzen, 1991) | 39 |
| 2.7 | Original TAM (Davis, 1989) | 40 |
| 2.8 | TAM2 (Venkatesh and Davis, 2000) | 41 |
| 2.9 | TAM3 (Venkatesh and Bala, 2008) | 42 |
| 2.10 | UTAUT (Venkatesh et al., 2003) | 43 |
| 2.11 | UTAUT2 (Venkatesh et al., 2012) | 44 |
| 2.12 | Research framework and hypotheses | 69 |
| 3.1 | The process of recruiting the samples | 116 |

| 3.2 | Outline of the data analysis technique | 118 |
|------|---|-----|
| 3.3 | Modelling the mediator in the structural model (Hair et al., 2010) | 130 |
| 4.1 | Research framework (hypotheses to be tested in the study) | 137 |
| 4.2 | The pooled-CFA to validate all constructs at once | 141 |
| 4.3 | The results for pooled-CFA after PU7, T1, T2, T9 were deleted | 143 |
| 4.4 | The structural model for this study | 150 |
| 4.5 | The estimated standardized regression path coefficient | 151 |
| 4.6 | Testing attitude as a mediator (trust - attitude – online purchase) | 155 |
| 4.7 | Data of low religiosity and unconstrained model | 157 |
| 4.8 | Data of low religiosity and constrained model | 158 |
| 4.9 | Data of high religiosity and unconstrained model | 159 |
| 4.10 | Data of high religiosity and constrained model | 160 |
| 4.11 | The standardized regression path coefficient for high religiosity | 162 |
| 4.12 | The standardized regression path coefficient for low religiosity | 163 |
| | اونيومرسيتي تيكنيكل مليسيا ملاك | |

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

LIST OF ABBREVIATIONS

| AGFI | - | Adjusted Goodness of Fit Index |
|-------|--------|---|
| AI | - | Artificial Intelligence |
| AMOS | - | Analysis of a Moment Structures |
| ASEAN | - | The Association of Southeast Asian Nations |
| AVE | - | Average Variance Extracted |
| CAGR | - | Compound Annual Growth Rate |
| CFA | - 6 | Confirmatory Factor Analysis |
| CFI | - Star | Comparative Fit Index |
| CR | H- | Composite Reliability |
| DOI | Fo | Diffusion of Innovations |
| EFA | - | Exploratory Factor Analysis |
| GFI | sh | Goodness of Fit Index |
| HDC | - | Halal Industry Development Corporation |
| ICT | UNI | Information and Communications Technology |
| IOT | - | Internet of Things |
| IT | - | Information Technology |
| JAKIM | - | Jabatan Kemajuan Islam Malaysia/Department of Islamic Development |
| | | Malaysia |
| MLE | - | Maximum Likelihood Estimation |
| MM | - | Motivational Theory |
| MOSTI | - | Ministry of Science, Technology and Innovation, Malaysia |
| MPCU | - | Model of PC Utilization |
| NFI | - | Normed Fit Index |
| OIC | - | Organization of Islamic Cooperation |
| OLS | - | Ordinary Least Square |
| PEOU | - | Perceived Ease of Use |
| | | |

| PU | - Perceived Usefulness |
|-------|--|
| RMSEA | - Root Mean Square Error |
| RMSR | - Root Mean Square Residual |
| SCT | - Social Cognitive Theory |
| SEM | - Structural Equation Model |
| SMS | - Short Message Service |
| SPSS | - Statistical Package for The Social Sciences |
| SWT | - The Most Glorified, the Highest |
| TAM | - Technology Acceptance Model |
| TLI | - Tucker-Lewis Index |
| TPB | - Theory of Planned Behaviour |
| TRA | - Theory of Reasoned Action |
| UK | - United Kingdom |
| USA | - United States of America |
| USD | United States Dollar |
| UTAUT | Unified Theory of Acceptance and Use of Technology |
| | |
| | |
| | AMO |
| | shield is so in the |
| | اويوم سيبي بيسيب المسيسيا سرد |
| | |
| | UNIVERSITI TEKNIKAL MALAYSIA MELAKA |

LIST OF APPENDICES

| APPENI | DIX TITLE | PAGE |
|--------|--|------|
| А | List of Agencies Involved In Halal Cosmetics Governance | 271 |
| В | Review on various explanation on Technology Acceptance Model | 273 |
| С | Questionnaire English Version | 276 |
| D | Certificate of Proofreading | 281 |

LIST OF PUBLICATIONS

Naseri, R.N.N., and Othman, N.A., 2020. The development of instruments to measure the attitude constructs of consumer intention to purchase halal cosmetics online. *International Journal of Advanced Science and Technology*, 29(5), pp.5778 - 5784.

Naseri, R.N.N., and Othman, N.A., 2020. Issue and trends in online purchases in the Malaysian halal cosmetics industry. *International Journal of Advanced Science and Technology*, 29(3), pp.10055 - 10061.

Naseri, R.N.N., Othman, N.A., Bakri, M.H. and Ibrahim, N.R.W., 2020. Consumer attitude towards online shopping activities of halal cosmetic products in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 10(5), pp.114 - 126.

Naseri, R.N.N., Hussin, H., Esa, M.M., Aziz, M.N.E. and Nordin, M.N., 2021. What is a population in online shopping research? A perspective from Malaysia. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(4), pp.654 - 658.

Naseri, R.N.N., Abdullah, R.N.R., Abd Azis, R. and Ahmad, N.Z.A., 2022. Profiling Muslim Consumer Intention towards Online Halal Cosmetic Purchasing. *Telematique*, 21(1), pp.5810 - 5816.

CHAPTER 1

INTRODUCTION

1.1 Chapter overview

This chapter is the 'heart' of the thesis, whereby it has the overall ideas of the research. In the early section of this chapter, the current research specifies research backgrounds and explores research problems and gaps from the literature. Furthermore, the present study elaborates the research questions, the study's significance, research objectives, the definition of terms, and the thesis structure. Lastly, the study provides the overall summary of the chapter.

1.2 Research background

Globally, the halal industry has witnessed an increase significantly in terms of activities and participation (Global Islamic Economy Report, 2018; Oyelakin and Yusuf, 2018). One of the of the major consumers of this industry are the Muslims who perceive the concept as an obligation (Yusuf et al., 2017). Currently, the halal industry is known as one of the most appealing industries among manufacturing and service sectors, thus the reason for its general acceptability among global marketers (Shahid, Parray, Thomas, Farooqi and Islam, 2022). However, the Muslim market are still dominate this industry with a total worth of USD\$2.7 trillion equal of 1.8 billion Muslims (Khan, 2019). As reported in Figure 1.1, Kettani (2019) indicated the estimate changes in Muslim population size, from around 1.8 billion in 2010, increased to 1.97 billion in 2020 which equal to one-fourth of world population. Sporadically, by year 2100 the overall Muslim population is expected to grow

to approximately 3.8 billion people which accounts for 36% or one-third of the world population (Kettani, 2019). This means that the Muslim population is predicted to grow much faster than the rest of the world by 73% compared to others (Figure 1.2) (Pew Research Center, 2015).



Figure 1.2: Estimated change in population size, 2012-2050 (Pew Research Center, 2015)

As stated earlier, consuming halal products for Muslims is not an option but an obligation. The phrase halal is a concept for Muslims to act, consume or use, that which is lawful, legal as well as permissible. Conversely, the term haram is usually seen as "illegal or prohibited" action or consumption of Muslims (Rahmah, 2021). However, due to the sporadic growth in religious obligations and understanding among Muslims, halal products demand has as well increase tremendously in the global market (Ab Talib, Pang and Ngah, 2020; Shahid et al., 2022). Based on this believes, the halal concept is now becoming a standard demand that is generating serious attention in the local, international and global markets (Khan et al., 2019) because it portrays the symbol of intolerance to hygiene, safety and quality (Adinugraha et al., 2021).

Due to the fact that halal concept is derived from religious-based perception, many people misunderstand what it means by halal product. This has made researchers to conduct studies that focuses on the overall halal industries, such as food and beverages, finance, fashion and art, hospitality and tourism, pharmaceuticals, logistical services, as well as marketing and supply chain management (Al-Ansi, Olya and Han, 2019; Dalir, Olya, Al-Ansi, Rahim and Lee, 2020; Ngah et al., 2021). The reason is because the concept of halal is not only restricted to specific industries but spread to several other industries such as cosmetics which is the scope of the current study (Ngah, Ramayah, Ali and Khan, 2019; Aziz, Nordin, Zakaria and Abu Bakar, 2022).

According to Global Islamic Economy Report (2021), the world market share of halal cosmetics was valued at USD\$64 billion as of 2018. This is seen as a tremendous increase and further projected to reach USD\$95 billion by 2024. Based on the numbers of the market share in halal cosmetics industry and high projected profitability shown in halal cosmetics industry, global organizations have step up their investment in the certification of in halal products (Mohezar, Zailani and Zainuddin, 2016; Septiarini et al., 2022). The current report

shows that global halal cosmetics players have view this product as an area of opportunity to compete among one another on a larger scale. This has increased the propensity for greater awareness among consumers and halal cosmetics producers, hence increasing intention and expansion of the halal cosmetics business (Han et al., 2019). For this reason, global cosmetics manufacturers and marketers have aspire their products to be halal certified, which is the requirements of the Organization of Islamic Cooperation (OIC) cosmetics market (Han et al., 2019). In 2020, it is reported that China shipped 4.24 billion dollars' worth of cosmetics to the OIC countries which represents the huge market of cosmetics around the Muslim world (Cochrane, 2022). Similarly, the South Korea has become the sixth largest global exporter of cosmetics to OIC countries, rising total cosmetics exports from 3.2 percent to 4.2 percent in 2019 to USD\$271 million (Kim, 2022). Specifically, Muslim countries have received series of consultation with local cosmetics distributors in South Korea as a leading global player in the cosmetics industry with USD\$6.26 billion value, mainly to understand the needs of the halal market (Dalir et al., 2020).

Contemporarily, the halal cosmetic industry has seen the Asia Pacific region becoming a dominant player. This is largely resulted from the considerable Muslim population as well as continuous growth in the socio-economic conditions (Zaidun and Hashim, 2018). According to the Mintel Global New Product Database, 73% of halal cosmetics products sold around the world between 2014 and 2016 were from the Asia-Pacific region (Spencer, 2017). MarkNtel Advisors (2021) also reported that the Southeast Asia Halal Cosmetics Market are expected to grow by 2026, at a compound annual growth rate (CAGR) of 10.8 percent between 2021 and 2026. In year 2021, Southeast Asia was reported to be highly developing market for halal cosmetics and accounted for CAGR 61.2 percent of the whole Asia halal cosmetics market. According to Future Market Insight (2015), this was approximately USD\$1.4 billion. By region, Southeast Asia leads which