UNIVERSITI TEKNOLOGI MARA

CRITICAL FACTORS IN ISLAMIC MARKETING MIX AND THEIR RELATIONSHIP WITH CUSTOMER SATISFACTION

JOHARI BIN ABDULLAH

Thesis submitted in fulfillment of the requirements for the degree of **Master of Science**

Faculty of Business Management

September 2013

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institutions or non-academic institution for any other degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Johari Bin Abdullah

Student's ID No. : 2010396139

Programme : Master of Science

Faculty : Faculty of Business Management

Thesis Title : Critical Factors in Islamic Marketing Mix and

Their Relationship with Customer Satisfaction

Signature of Student :

Date : September 2013

ABSTRACT

Recent emergence of the Muslim consumer market has created vast opportunity for new and innovative marketing approaches within an Islamic framework. Thus, Islamic marketing (IM) has attracted considerable attention among scholars and practitioners of business. Nevertheless, this area still remains under-researched with limited empirical data, particularly on marketing mix decisions or the four Ps (product, price, promotion and place) in line with Islamic principles. Therefore, this study attempts to identify critical factors in conducting Islamic marketing mix activities and their relative importance. Using a combination of qualitative and quantitative research methods, this study proposes a set of 23-item instruments that measures the Islamic marketing mix which has been empirically tested for its unidimensionality, reliability and validity through factorial analyses. Findings suggest that Muslim customers consider five critical factors that must be emphasized by businesses in conducting their marketing mix. In their order of importance using multiple regression analysis, the factors are 'Conformity', 'Characteristic', 'Confidence', 'Conscience' and 'Customer Centric'. Hence, it is proposed that businesses adopt the 5Cs framework in engaging with Muslim customers through their marketing mix activities by consistently conforming to Syariah rules and regulations, exhibiting distinctive characteristics, being committed in instilling confidence, embedding morality and conscience and lastly embracing a customer oriented approach.

TABLE OF CONTENTS

			Page	
AUTHOR'S DECLARATION				
ABSTRACT				
ACK	ACKNOWLEDGEMENTS			
TABLE OF CONTENTS LIST OF TABLES				
				LIST
CHA	APTER (ONE: INTRODUCTION		
1.1	Backg	ground of the Study	1	
	1.1.1	Rising Attention Toward Islamic Marketing	1	
	1.1.2	Muslim Population and the Rise of Halal Markets	4	
	1.1.3	Islamic Marketing and Muslim Consumers	7	
1.2	Problem Statement			
1.3	Research Objectives			
1.4	Research Questions		15	
1.5	Scope and Limitations of the Study			
1.6	Significance of the Study		16	
1.7	Definition of Terminologies			
	1.7.1	Marketing	17	
	1.7.2	Islamic Marketing	17	
	1.7.3	Marketing Mix	17	
	1.7.4	Principles (Semantic)	17	
	1.7.5	Principles (Marketing)	17	
	1.7.6	Customer Satisfaction	18	
CHA	APTER T	ΓWO: LITERATURE REVIEW		
2.1	Islam	Islam and Economic Activity 19		
2.2	Roles	of Fiqh Muammalat	21	
2.3	An In	An Insight on Aqad (contract) and Al Bai' (Buying and Selling) 22		
2.4	What	What is Islamic Marketing 24		

2.5	The Paradox of Marketing Definitions			
2.6	Essence of Islamic Marketing			
2.7	Characteristic of Islamic Marketing: Principles that Govern			
	Marketing from an Islamic Perspective			
2.8	The Marketing Mix: Guidelines, Variables or Principles	33		
2.9	Criticism of the 4Ps Marketing Mix Paradigm			
2.10	4Ps Marketing Mix as Principles			
2.11	Exchange Concept: A Rationale for Marketing Mix in Islamic			
	Marketing			
2.12	Islamic Marketing Mix	45		
	2.12.1 Product Mix from an Islamic Perspective	46		
	2.12.2 Pricing Mix from an Islamic Perspective	49		
	2.12.3 Promotional Mix from an Islamic Perspective	51		
	2.12.4 Place (Distribution) Mix from an Islamic Perspec	ctive 55		
2.13	Marketing and Customer Satisfaction from an Islamic Po	erspective 58		
2.14	A Conceptual Framework	61		
СНА	APTER THREE: RESEARCH DESIGN AND METHO	DOLOGY		
3.1	Research Design			
	3.1.1 Literature Review and Survey Form	65		
	3.1.2 Draft Questionnaire and Pilot Study	66		
3.2	Population, Sample and Data Collection			
	3.2.1 Full Scale Survey	69		
3.3	Data Analysis Method	71		
СНА	APTER FOUR: FINDINGS AND DISCUSSIONS			
4.1	Profile of the Respondents	74		
4.2	Multivariate Test of Normality			
4.3	Factorial Analyses			
	4.3.1 Exploratory Factor Analysis	78		
	4.3.2 The Scree Plot Analysis and Parallel Analysis	81		
	4.3.3 Multicollinearity	85		
	4.3.4 Confirmatory Factor Analysis	85		