

UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT DETERMINE THE PURCHASE
INTENTION OF NON-MUSLIM CONSUMERS
TOWARDS LOCAL HALAL SKINCARE PRODUCTS:
A CASE STUDY OF LOVERA SKINCARE**

**AHMAD SYAZWAN BIN KAMARUZAMAN
NURUL IMMA BINTI MOHD AZMIR
NORAZMIATULLAILI BINTI OTHMAN**

Dissertation submitted in partial fulfillment
of the requirements for the degree of
Master in Business Administration

Arshad Ayub Graduate Business School

December 2018

ABSTRACT

The purpose of this research is to identify factors that determine purchase intention of non-Muslim consumers towards local halal skincare products. In this study, a local skincare company carrying Lovera brand is selected as subject matter to examine factors of purchase intention of non-Muslim consumers. This research examines the effects of attitudes on halal skincare product, product quality, product promotion, effects of social media and brand towards purchase intention of local halal skincare products. The objective of this study is also to provide some recommendations to the challenges facing the organization to be more competitive. A set of questionnaires was randomly distributed to non-Muslim consumers through hardcopies and online. Findings from the survey show that attitudes towards halal skincare products, quality, promotion and brand are significant factors contributing to intention of purchase of local halal skincare products. From the multiple regression analysis, it is found that attitude towards halal skincare product is the most significant factor company must focus on. Subsequently, TOWS Matrix approach was used to recommend Lovera in order to enhance their business capabilities. Among the recommended strategies are to create awareness and knowledge of halal products and to enhance development of new products for business diversification in order to gain more revenue and profit.

ACKNOWLEDGEMENT

Alhamdulillah, to His Most Gracious and Most Merciful, we would like to express our gratitude as this report finally comes to its conclusion and submitted. Firstly, we would like to thank our ABR advisor, Dr. Arlinah Binti Abdul Rashid for the continuous support and assistance. The guidance that has been given by her is much appreciated. We also would like to extend our gratitude to the organization which has participated in this study, DW Global Sdn Bhd which owns a Lovera skincare products and its founder Pn. Nor Diana Mohd Zaini for sharing much needed information and spending her time during our interview and consultation. On a more personal note, we would like to thank our parents, family members, and friends for their endless support and encouragement in completing this report. Lastly, to any individual who have supported us either indirectly or directly, helped and worked with us throughout our journey to complete this master's degree, we thank you from the bottom of our heart.

TABLE OF CONTENTS

AUTHOR'S DECLARATION	i
ABSTRACT	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
CHAPTER ONE : INTRODUCTION	1
1.1 Preamble	1
1.2 Background of Study	1
1.3 Background of Company	4
1.4 Problem Statement	5
1.5 Research Objectives	7
1.6 Research Questions	7
1.7 Scope of Study	7
1.8 Significance of Study	8
1.9 Organization of Thesis	8
CHAPTER TWO : LITERATURE REVIEW	9
2.1 Preamble	9
2.2 Literature Review	9
2.3 Purchase Intention	9
2.4 Attitudes Towards Local Halal Skincare Products	10
2.5 Product Quality	11
2.6 Promotion	12
2.7 Social Media	13
2.8 Brand	13
2.9 Research Framework	15

CHAPTER ONE: INTRODUCTION

1.1 Preamble

This chapter explains the background of the study, the company background, problem statement of the research, research objectives and questions, limitations, and scope of this research.

1.2 Background of Study

Malaysia has experienced significant growth for personal care and cosmetics products. This was demonstrated in 2015, when overall trade volume for cosmetic and personal care products was about USD 2.24 billion and almost half from the total expenditure was met by imported products. Japan, South Korea, China, Thailand, France, European Country and USA are the main exporters to Malaysia. With the total import valued of USD 292 million, skincare products grasp the major import market share (Yeoh, 2016). Production of local domestic of skincare products has been growing rapidly in the Malaysia market. Two main categories of domestic manufacturers which are multinational companies (MNCs) and local owned entities. Most of mass consumer markets are dominated by multinational companies and local manufacturers focus on private label manufacturing by producing and own their house brand(Yeoh, 2016)

Malaysia's population size in 2016 is 31.3 million and this number increasingly over the year. Almost 60% of the country population are Muslim. More than half of this demand was met by USD 1.13 billion in imports. Among the main exporters are Thailand, China, France, the United States, South Korea and Japan. With the total import valued of USD 292 million, skincare products command the biggest market share among other products personal and cosmetic products (Yeoh, 2016). Cosmetic and toiletries such as shaving cream, bath preparations, deodorants, are on second place with total values of USD 109 million(Yeoh, 2016).

Take the United States for example, for three years the average of U.S exports