

THE INFLUENCE OF RELIGION ON PATRONAGE BEHAVIOR IN ISLAMIC BASE RETAIL STORE

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ABSTRACT

The proposed study will evaluate the influence of religion on Islamic base retail store patronage behavior in Malaysia. The idea of having this study was based on the increasing growth of Islamic positioning store concept. Previous studies revealed that there are many factors that contribute to consumer patronage behavior, such as service quality, price, product attributes, store atmosphere and promotion. However, with the increasing consciousness of Malaysian -Muslim consumer towards halal products, there will be other factors that encourage them to patronize a store. The study assumed that, religion will have much influence on consumer patronage behavior because they have their own code of conduct, and they behave and shop differently. Furthermore, the attributes of an Islamic positioning store which is understudied in the retailing area will also be evaluated.

Background of the Study

Retailing Industry

The retail market trend had risen up to 0.8% for the whole year in 2009. It showed a good impact of recovery from the economic downturn. In addition to that, profit margins in the retail industry were up to 2.4% during the first quarter, and it showed a positive growth in retail sales. The encouraging growth in the retail industry shall probably make retailing continue to be a prominent economic activity in the country.

In Malaysia, the retail market is wide ranging from department stores, supermarkets and mini markets, specialty shops, convenience stores, provision stores, pharmacies, medical halls, direct sale, wet market stalls to pavement shops and petrol kiosks. Furthermore, in the 1990's, many retailers had shifted from shop houses to large scale retailing like supermarkets and hypermarkets (Swinyard, 1997). The growth of the

large scale retailing is encouraging especially in the urban area such as Kuala Lumpur, Johor and Selangor. The situation is similar in many Southeast Asian countries, where retailing activities are considered as a subset of the commercial sector and contribute to GDP (Lim Yoke Mui, Badarulzaman and Ghafar Ahmad, 2003).

However, the situation is not lost for a small scale retailer. Even though the retail trend in highly urbanized areas is going towards shopping complexes and hypermarkets, the development of the small scale retailer in certain parts such as Kedah, Kelantan, Terengganu and Perlis is still continuing to grow in spite of advancing large scale retailing concept (Malaysia Plan, 2002). By observing the retail trend in various states in Malaysia, currently the trend of the religious positioning retail style is increasing in number. Particularly in Malaysia, the growth of Islamic base retail store concept, wherein business is based on Syariah compliance and Islamic teaching rules and laws in business dealing is increasing.

Currently, religious retail style occurs in various retail formats such as a grocery store (HPA, Metamorf, Istafa) muslimah boutique and spa, hair salon, bank and travel agency. The growth of this new concept of business is based on increase regard to high demand from the market to have a product that confirms to Syariah principles and law (Utusan Malaysia, 2008). By considering a new phenomenon of growing religious consciousness among the Muslim consumers, one of the significant emerging trends among retail outlets in Malaysia is the adoption of an Islamic base positioning.

Muslim retailers have taken this opportunity to offer a new retail format that can be served to religious people, especially Muslim consumers. Besides using an Islamic name as their strategy, most of the businesses owned by Muslims is using Islamic colour such as green, Islamic symbol such as mosque as their store concept. Their aim is to attract consumers, especially Muslims, whose concern is towards Islamic teaching and Syariah compliance of business dealing.

The trend keeps on growing, with the introduction of Islamic channel called Al Hijjah, TV station in Malaysia (Berita Harian, 2010). With regard to this report, the present study assumed that there are retailing trend changes among retailers. Furthermore, there are changes also in Muslim consumer behavior in patronizing a store. By observing the market, most of the Muslim consumers are searching and prefer Muslim-owned stores as they feel more confident of halal status of the product. Apparently, Muslim consumer consciousness is increased not

only for food products but in many various aspects in retailing as well. Hence, with the changes in consumer behavior and retail trend, a retailer should grab this opportunity to determine a suitable marketing strategy especially store attributes that can lure Muslim consumers to become loyal to their store.

With the high demand of the Islamic base products by Muslim consumers who are concerned towards not only *halal* concept but also "*halalan toyibban*" (good quality) and the increasing growth of Islamic base retail concept in the market, the study advocates and believes for the opportunity of a retailer to operate based on Islamic retail store concept, which can be targeted to the religious group of people, and which will be expanding in the future. One of the pioneers of Islamic base retail store concept (HPA halal mart) in Malaysia is successful, and the owners have expanded their business in the local market and in other countries such as Cambodia, Thailand and Brunei. Other businesses that have introduced the same concept are Metamorf halal mart, which is based in Lembah Klang, Istafa and Pasaraya Pak Aji halal mart, which starts to expand their business with more branches.

A regard to this phenomenon, a retailer must realize that religious people is a niche market segment that will create profit for them in the future. They also need to have more knowledge to understand this group of people, how they shop, what type of product they consume, what kind of service they expect and other importance store attributes criteria. Hence, the present study is very timely because it shall determine the important store attributes which are suited to tailor religious group of people who patronize the Islamic based store.

Problem Statement

It is imperative for retailers to understand consumer patronage behavior in order to sustain their position in the market. Previous literature showed several factors that determine patronage behavior, such as service quality (Newberry, Klemz and Boshoff 2003), customer satisfaction (Lindquist 1974), store attributes (Alhemoud, 2008) and store ambience (Baker 1994; Sirgy, Grewal and Mangleburg 2000). Various retail settings have been subjected to researches in understanding how variables would influence consumer patronage behavior. However, in most cases, such researches have not counted religion as a potential factor that may influence consumer patronage behavior. Therefore, this study intends to test the role of religion towards patronage behavior.

Moreover, prior studies showed that, different groups of consumers believe that different store attributes are important to them in patronizing store. In particular, for the Chinese consumer in China, the most important store choice criteria are product quality and authenticity rather than price and assortment of products (Davis, 2009). Hence, as retailers, it is crucial to understand the different sets of consumer behavior and how they make decision to patronize certain stores. Previous studies corroborated the findings that different religious groups are influenced by different shopping styles (e.g. Protestant, Catholic and Jewish customer (Sood and Nasu, 1995; Delener, 1994; Wilkes, Burnett and Howell 1986; McDaniel and Burnett 1990). In this case, Malaysian- Muslim consumer patronage behavior may be influenced by different set of factors.

As Muslim population is growing, the sensitivity to offer Islamic- and Syariah-compliant products and services must be considered in all aspects of marketing. Current phenomenon would tell us that seemingly, the religious markets are important segments for retailers' business growth. This is due to the yearly increase in Muslim population. The population of Islam community/Muslim in the world is estimated as 1.7 billion (Islamic population, 2009). In Malaysia specifically, 60% (15 million) of the population are Muslims. Muslim consumers are considered as a niche market because they have their own code of conduct as regard to their religious beliefs and practices, (Delener, 1994) and that can be a potential segmentation for future businesses. With the increasing number of Muslim population, a new type of lifestyles which are based on religion exists in the marketplace. The current phenomenon of religious influence on Malaysia retail industry deserves formal attention. This study intends to investigate factors that may have motivated the patrons of such retail outlets. The findings will offer marketing knowledge on the effects of religion in the retail industry in a developing Islamic country's market.

This is supported by McDaniel and Burnett (1990) where they said that the current phenomenon showed that there is a new paradigm shift to religion. This argument includes market place behavior and how these types of people shop. Their market shopping orientation and preference is also different (Mokhlis, 2006). Previous study on shopping orientation had explored the relationship of type of product, shopping orientations and demographics with preference for shopping. The findings significantly supported the study that shopping orientations and demographics variables such as gender, education, and household income were significantly related to consumer preference (Girard, Korgaonkar and Silverblatt, 2003).

Moschis (1976) had supported this argument and had found significant evidence that shoppers possessing different shopping orientations use different sources to find out about new product, have different sources of information and use different types of media. In particular, problem solvers and psycho socializers tend to spend more time getting information from the television as compared to other types of shoppers. Moreover, the communication source is also affected by consumer buying goals (Wilding and Bauer, 1968) and consumer lifestyles (Kassarjian 1965). Different life styles relate to different media content and different preference exposure of the media. By understanding this argument, we can say that, different types of people will have different kinds of information sources. Thus, this present study will try to investigate whether religious people will have different influences of information sources. Prior study supports this argument, where (Protestant and Jewish) consumers are more concerned towards interpersonal relationship with salespersons in the store (Dixon, Bridson, Evans and Morrison, 2005). Religious people more concerned towards human relationships such as friendliness and helpfulness while shopping in the store. However, study has yet to confirm the findings of retail outlets that utilize religion as their image positioning.

This is supported by the growth of retail outlets that are concerned about religion needs and offer Islamic positioning business and products in the market. For example, these retailers include travel agency, Muslimah hair salon and spa, Muslimah boutique, restaurants, hotels, clinics, grocery stores, television stations and many others. These establishments include Islamic beliefs and values in conducting their business. Religion influence towards store also can be seen through a boycott towards Israeli products. Muslims with highly religious influence had encouraged others to discriminate Israel's product by "stop purchase" or "patronage" to certain products or stores. As a result, in February 2009, most of the fast food restaurants such as KFC and McDonalds have experienced a declining number of Muslim consumers (Utusan Malaysia, 2009). This observation would mean that Muslims have behaved differently in a new era of globalization. Muslim support towards religion is aggressive and that will influence their patronage behavior.

With regard to this situation, some businesses are adjusting to be in the religious segment. Retailers should understand that religious people behave and have their own criteria in patronizing a store. They are not similar with a typical consumer and their patronage behavior is also different. What criteria are they are looking for, before they decide to patronize the store?

Thus, this study will try to examine the influences of religion motivation towards patronage behavior. Another focus of this study is to identify the important store attributes based on Muslim consumer perspectives by evaluating an Islamic based retail store concept. Moreover, this study will also examine the Muslim shoppers' orientation that mediated religious motivation.

Objectives of the Study

The purposes of this study are:

1. To examine the influence of religion on patronage behavior
2. To examines the relationship among personal characteristics, information source, store attributes, shopper orientation on patronage behavior.
3. To examine consumer's shopping orientation as mediate variable of religious motivation
4. To explain the factors that relate to Muslim consumers' patronage of an Islamic positioned based retail store.

Research Questions

The following questions have to be researched on:

1. To what extent religious influences affect Muslim consumers' patronage behavior of an Islamic positioned retail store?
2. To what extent personal characteristics, information source, store attributes, and shopper orientation on patronage behavior affect Muslim consumers' patronage of Islamic-based retail stores?
3. Does Muslim consumer's shopping orientation at the Islamic positioned based retail store mediated by their religious motivation?
4. What are the factors that relate to Muslim consumers' patronage of an Islamic positioned based retail store?

Significance of the Study

This study is important and significant because there is a big potential or opportunity that must be grabbed by retailers in conducting their business in the future. This study tries to examine the influence of religion towards patronage behavior in an Islamic-based retail store. Thus, it

gives big information for the businessman/entrepreneur/practitioner in dealing with this group of people. By referring to this study, they can develop or implement a suitable marketing strategy for a certain religious market. They can be more focused on the important part that relates to religious market, how to influence and how to understand this group of people. It is important for the business people to have an in depth understanding of their customers in order to be able to offer the correct product or service effectively.

Besides, academic articles on Muslim religious influences on patronage behavior are extremely sparse in well published journals. In Malaysia, a few studies have been conducted about Muslim consumers but most of them are related with the intention to use a halal product, and what consumer motivation are there to use a halal product such as those studies conducted by Wan Marhaini, Mohd Zainuri and Azman; Zulkifli Dahalan; Md Tawfik, Ishak Ismail, Hasnah Haron and Md. Aminul Islam, (2009).

There are also religious studies that exist in marketing literature, however, most of these studies have been done in western approach (Sood and Nasu, 1995; Delener, 1994; Wilkes, Burnett and Howell 1986; Mcdaniel and Burnett 1990). The study is more Christian, Protestant, Jewish and cross cultural study focused. Perhaps there is a dearth of studies that have investigated the influence of Muslim religion on patronage behavior in a non-western country such as Malaysia. Considering this insufficient information available on Muslim religious patronage behavior influences in journals, this study is therefore significant to further investigate.

Moreover, the present study will also develop and test a theory by Darden (1980) on patronage behavior of consumer. Previous studies (Visser and Preez, 2001) have been done on shopping behavior of apparel in different stores. The present study will further investigate this model and will be adapted to test religious element (Muslim) on Islamic positioning store. Furthermore, the present study is done based on the suggestion of the future research by Mcdaniel and Burnett (1990) that strive on a religious influence towards retail store patronage behavior. The previous research also recommended that there is a need to do further research in the area that involves whether religious influences help in explaining patronage behavior at different types of stores. The findings of the study hopefully will enhance the body of knowledge in terms of religious perspectives.

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