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Interdependence between Social Value, Emotional Value, Customer Experience and Customer Satisfaction Indicators: The Case of Halal Cosmetics Industry in Malaysia

Rozita Naina Mohamed[1]* and Yeo Bee Li[2]

[1]*Institute of Business Excellence (IBE), Universiti Technology MARA, 42300 Puncak Alam, Selangor, Malaysia*
[2]*Faculty of Accountancy, Finance and Business, University College Tunku Abdul Rahman,*
53300 Kuala Lumpur, Malaysia

ABSTRACT

This study aims to examine the determinants of consumer experience and satisfaction in relation to *Halal* cosmetics products based on Sheth's Theory of Consumption Value. The 359 Muslim and non-Muslim respondents in this study were between 16 and 64 years, residing in urban Malaysia, Wilayah Persekutuan (Kuala Lumpur), Northern states (Pulau Pinang), Southern states (Melaka and Johor), Western States (Selangor), East Coast (Kuantan and Terengganu), Sabah and Sarawak. Findings of this study show that respondents are predominantly influenced by both social value and emotional value towards halal cosmetics products. This study therefore, offers guidelines to halal manufacturers in expanding their market, achieve competitive advantage, and governmental organisations to encourage halal consumption.

Keywords: Customer satisfaction, emotional value, experience value, Halal cosmetics products, social value, Theory of Consumption Value

INTRODUCTION

The Malaysian government has made efforts to achieve competitive edge in the Malaysia's halal cosmetics industry. As shown in Figure 1, the *Halal* Master Plan addresses issues of certification, sectored development, halal integrity, implementation, timeframe, and responsibilities (Saifol, 2011).
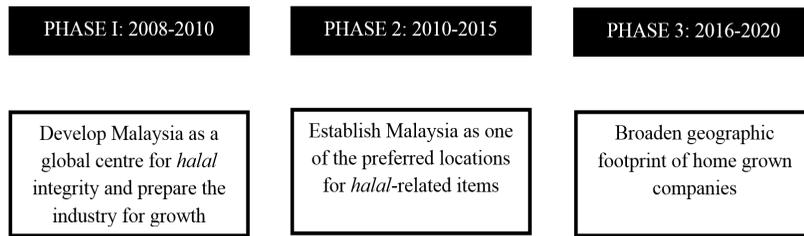
Figure 1. Phases of the *halal* master plan for Malaysia
Source: Saifol (2011)

The *halal* industry in Malaysia covers food and beverages, food ingredients, additives and supplements, toiletries and cosmetics, animal feed, drugs and vaccines, Islamic finance, pharmaceuticals, insurance, leather products and logistics (*Halal* Industry Development Corporation, 2012). The non-food *Halal* products such as cosmetics, personal care products, leather products, nutraceuticals and pharmaceuticals, and tableware are very new markets to be explored for *halal* certification (Abdullah Swidi, Hassan, Al-Hosam, & Mohd Kassim, 2010; Ahmad, Fazullah, Borham, Hashim, & Razak, 2011; Noreen Noor & Eta, 2013; Ahlam Nuwairah, Azmawani, & Suhaimi, 2014).

Malaysia *halal* exports accounted for 5.1% of total exports as at December 2012 (Halal Industry Development Corporation, 2012). The *halal* industry is expected to contribute 5.8% to Malaysia's gross domestic product (GDP) by 2020, accompanied by a steady growth of 5% annually (Business Times, 2011). According to Euromonitor International, the *halal* cosmetics market in the world is estimated to be worth USD482 billion and the industry is slated to grow at an average 13.6% a year until 2019,

representing one of the few markets that continue to grow despite the global crisis (Euromonitor, 2015). The demand for *halal* products is increasing due to rapid growth of the Muslim population worldwide as well as the increasing interest of the non-Muslims for more hygiene, safe and organic products via *halal* products. Therefore, the *halal* cosmetics industry is an emergent market with great investment potential.

Problem Statement and Objective of the Study

Although *halal* products factor in safety, hygiene and religious values, many Muslims place greater value on foreign brands from the West (Che Mohd Hashim & Musa, 2014). This has directly impacted on sales and consumption of *halal* cosmetics among Muslims for the "home brand" in Malaysia. For instance, Unza's first Eversoft product was formulated in Japan in 1985 and its product range includes shower foam, facial cleanser, anti-aging skin care, whitening skin care and olive oil. However, its market share is still low compared with other established non-certified *halal* cosmetics products. The total sales for skin care

products in Malaysia in 2014 was RM1630 million (Euromonitor, 2015). Out of the 32 brands listed, the halal certified brands in the list are Eversoft at the 19th position and Aiken at 28th position with 1.4 percent and 0.8% total retail sales respectively. Weak strategy and lack of interest among Muslim consumers may be the reason behind slow sales for these *Halal* certified brands.

Due to competition among the cosmetics manufacturers, the cosmetics industry is consistently changing and new products with distinctive features have been introduced through exhibition events at international level. The Malaysia *Halal* cosmetics industry players must strive hard to create a niche, highlighting advantages and identifying product key attributes that can fulfil customer requirements. Understanding customer behaviour is crucial in influencing their purchase decision (Shah & De'Souza, 2009).

Customer satisfaction data can assist marketers to plan effective marketing plan so that the customers have a positive experience with the company's goods and services. Customer satisfaction is vital to maintain a competitive advantage (Cengiz, 2010, Deng, Lu, Wei & Zhang, 2009). What are the factors involved in influencing purchasing decision of *Halal* cosmetics products? This will be tackled in this paper.

Previous studies have discussed consumption of *Halal* cosmetics consumption theoretically and empirically in different context and society. However, research on the impacts of experiential values in the *Halal* cosmetics industry is limited. This study discusses two factors, social value and emotional value that may influence consumer experience towards *Halal* cosmetic products. The objectives of the study are to: identify the relationship: between social value and customer experience towards *Halal* cosmetics products; identify the relationship between emotional value and customer experience towards *Halal* cosmetics products and lastly to determine the relationship between value of customer experience and customer satisfaction. Figure 2 shows the framework of the study.
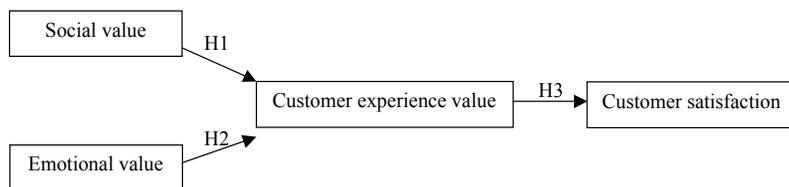

Figure 2. Framework of the study

Literature Review and Hypothesis Formation

Sheth, Newman and Gross (1991) is one of the most important contributor to the body of knowledge on perceived value (Sanchez-Fernandez & Iniesta-Bonillo, 2007). Sheth et al. (1991) explained that consumer purchase choice is a form of consumption value which can be categorised as social value (symbolic and group membership) and emotional value (affective responses), where each plays a different role in consumer's decision (Deng et al., 2009).

According to Sheth et al., (1991), social value refers to perceived utility acquired from an alternative's association with one or more specific social groups and an alternative acquires social value through association with positively or negatively stereotyped demographic, socioeconomic and cultural-ethnic groups. In other words, social value includes prestige, status and a common sense of belonging, and not merely economic measure (Hessami & Yousefi, 2013). According to Sheth et al. (1991), choices involving highly visible products, such as clothing, jewellery and goods or services shared with others as a gift, are often driven by social values. Haytko and Baker (2004), Luo (2005), and White and Dahl (2006) have reported that the customer's experience is impacted by the social environment. Therefore, it is hypothesised that social value has a positive influence on customer experience value towards *Halal* cosmetics products.

H1: Social value has a significant relationship with customer experience towards Halal cosmetics products.

Emotional value is another dimension of consumption values. It is the perceived utility derived from an alternative capacity to arouse feelings or affective states (Sheth et al., 1991). Emotional value is one of the consumption values that influence consumer decision where a product can stimulate emotions (Bødker, Gimpel, & Hedman, 2009). In addition, emotion refers to the feelings elicited during the product's usage or consumption experience. Roos (1999), Mattila (2001) and Yang and He (2011) have reported that emotional experience will generate effective experience, ranging from a little positive moods and progress to a strong emotion of joy and satisfaction attached to a brand. Hence, it is hypothesised that emotional value has a positive influence on customer experience value towards *Halal* cosmetics products.

H2: Emotional value has a significant relationship with customer experience towards halal cosmetics products.

Holbrook and Hirschmann (1982) theorised that consumption has experiential aspects. Schmitt (1999) explored how companies create experiential marketing by having customers sense, feel, think, act and relate to a company and its brands. Berry, Carbone and Haeckel (2002) suggest that in order for organisations to compete by providing customers with satisfactory experience they must know all the factors that influence the

buying process. Generally, a customer's experience affects overall satisfaction and loyalty (Grace & O'Cass, 2004). Customer satisfaction is the customers' response to what they had expected and what they had experienced from a product/process (Hallowell, 1996). According to Zeithaml (2000), firms can achieve higher retention rate, positive word of mouth and increased profits by increasing customers' satisfaction. On the other hand, Khalifa and Liu (2007) theorised that the influence of satisfaction on repurchase intention is moderated by experience. Therefore, it is hypothesised that customer experience value has a positive influence on customer satisfaction towards *halal* cosmetics products.

> *H3: Customer experience value has a significant relationship with customer satisfaction towards halal cosmetics products.*

METHODS

This study used survey method in order to collect data obtained via self-administered questionnaire. The first section is about the respondent's purchase background with *Halal* cosmetics. The second section is regarding the social value of the respondent towards *Halal* cosmetics product. This section used 5-point Likert scale on the respondent's answer about the influence of immediate peer group and social self-concept. The questionnaires in this section were adapted from Taylor and Todd (1995); Sirgy (1998); Pavlou and Chai (2002); Bonne, Vermeir, Bergeaud-Blackler and Verbeke. (2007); Solomon, Bamossy,

Askegaard and Hogg (2010); and Amin and Chong (2011). The third section is about the respondent's emotional value towards *Halal* cosmetics based on their feedback on the store's atmosphere and service. The questions in this section were adapted from Sirgy, Grewal and Mangleburg (2000); Alhemoud (2008); Lovelock (2010); and Angelova and Zekiri (2011). The fourth section is about experience value where the respondents are asked to choose the experience they had when buying *Halal* cosmetics product. The questions were adapted from Holbrook (1999). The last section is about customer satisfaction where the respondents are asked about their willingness to be loyal customers to a *halal* cosmetics product. The questions in this section were adapted from Hansenmark and Albinson (2004) and Mohsan, Nawaz, Khan, Shaukat and Aslam (2011). Only 359 responses were usable for further analysis. Descriptive analysis was carried out using the SPSS software version 23 and structural analysis was performed using PLS 3.0.

RESULTS AND DATA ANALYSIS

Respondents' Profile

Although the comparison between demographic variables (i.e., gender, age, ethnic group, marital status, education level, occupation, income and current residence) and customer satisfaction to purchase a *Halal* cosmetics product is not included in the research objectives, the analysis is useful to provide a better understanding about the characteristics of future buyers. Descriptive analysis was used to analyse

demographic information of the respondents such as gender, age, ethnic group, marital status, education level, employment status, income and current residence. Referring to Table 1, the study respondents are females, aged 25-34 years, Malays, single, with SPM secondary education level, works in the private sector, earning between RM1001 to RM3000 per month, stays in Kuala Lumpur and have bought *Halal* cosmetics products within the last one month.

Descriptive Analysis

Table 1
Demographic profile of respondents (n = 359)

Variable	Category	Frequency	Percentage
Gender	Male	119	33.1
	Female	240	66.9
Age	16-24	75	20.9
	25-34	147	40.9
	35-44	103	28.7
	45-54	30	8.4
	55-64	4	1.1
Ethnic group	Malay	205	57.1
	Chinese	95	26.5
	Indian	59	16.4
Marital status	Single	200	55.7
	Married with children	129	35.9
	Married with no children	30	8.4
Education level	SPM	154	42.9
	STPM	43	12.0
	Diploma	121	33.7
	Bachelor degree	41	11.4
Employment status	Public sector	116	32.3
	Private sector	136	37.9
	Self-employed	34	9.5
	Unemployed	3	0.8
	Housewife	13	3.6
	Student	33	9.2
	Others	24	6.7
Monthly income/allowance	RM1000 and below	71	19.8
	RM1001-RM3000	135	37.6
	RM3001-RM5000	107	29.8
	RM5001-RM7000	33	9.2
	RM7001 and above	13	3.6

Table 1 *(continue)*

Current residence	Kuala Lumpur	115	32.0
	Pulau Pinang	46	12.8
	Melaka	31	8.6
	Johor	65	18.1
	Selangor	13	3.6
	Kuantan	24	6.7
	Terengganu	24	6.7
	Sabah	25	7.0
	Sarawak	16	4.5

The minimum and maximum value represents the Likert scale used in this study. The minimum value of all the constructs is 1.00 and the maximum value is 5.00. Most of the variables have the mean near to the average range between 3.8389 and 4.0746; and the standard deviation ranges from 0.5728 to 0.7146. The score of standard deviation implies that there is variability in answering the questions among the respondents. The minimum and the maximum responses of each construct are also presented in Table 2. All the constructs are on the acceptance level of implementation and are at a satisfactory level.

Hypothesis Testing

Table 2
Descriptive statistics of the constructs

Construct	Minimum	Maximum	Mean	Standard Deviation
Customer satisfaction	1.33	5.00	3.8389	0.7146
Customer experience value	1.53	5.00	4.0746	0.5728
Social value	1.00	5.00	3.9442	0.6846
Emotional value	1.63	5.00	4.0122	0.6585

The t-values accompanying each path coefficient was generated using bootstrapping as reported in Table 3. When the t-value is larger than the critical value in a certain error probability, then the coefficient is considered significant. For two-tailed tests, the critical values are 1.96 at a significance level of 0.05 or five percent; while 2.57 for a significance level of 0.01 or one percent (Hair et al., 2014). Researchers usually refer to five percent significance level for marketing research and one percent significance level for consumer research studies (Hair, Hult, Ringle & Sarstedt, 2014). From the results, we can conclude that social value ($\beta=0.171$, $t=2.002$, $p<0.05$);

emotional value (β=0.261, t=4.361, p<0.01) have a positively significant effect on customers' experience value to purchase a *halal* cosmetic product; and results also show that customers' experience value toward the *Halal* cosmetics products has a positive and significant impact on customers' satisfaction to purchase a *Halal* cosmetic product (β=0.471, t=12.592, p<0.01). Thus, H1, H2 and H3 are supported.

Table 3
Path coefficients and hypothesis testing

Hypothesis	Relationship	Path Coefficients	Std. Error	t-value	p-value	Decision
H1	Social value -> Customer experience	0.171	0.085	2.002	0.045	Supported
H2	Emotional value -> Customer experience	0.261	0.060	4.361	0.000	Supported
H3	Customer experience -> Customer satisfaction	0.471	0.037	12.592	0.000	Supported

CONCLUSION

The findings of the study suggest that two factors, social value and emotional value, have significant influence on customer experience for halal cosmetics product and customer experience has insignificant relationship with customer satisfaction to purchase a Halal cosmetics product. The finding helps academicians develop strategies that could lead to customers' satisfaction to purchase Halal cosmetics products. Therefore, halal cosmetics producers should improve the social value, emotional value and customer experience value to satisfy their customers and purchase halal cosmetics products.

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