Islamic Marketing Practices in the Cosmetics and Toiletries Industries in Klang Valley, Malaysia

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ABSTRACT

The purpose of this study is to investigate whether producers, dealers and agents of the Cosmetic and Toiletries Industries in Malaysia are implementing Islamic marketing practices in producing and selling their products. There is growing consciousness to conduct business in accordance to the rules and principles of Islam whereby halal products and services are gaining importance in many industries. The Islamic consumer market is huge and producers are beginning to realise its importance. This study employed the descriptive research method and non-probability sampling technique whereby data were collected through questionnaires distributed to a sample population in Klang Valley. The results show that self and social perspective and marketing scenario to have a significant impact on marketing practices. The study reveals that most of the marketing mix of product and distribution (place) strategy are being practised according to Islamic rules.

Keywords: Consumer Behaviour, Cosmetics, Islamic Marketing

INTRODUCTION

Islam encourages business and assures that 90% of the livelihood of its followers can be obtained through business. The Prophet (s.a.w) himself played a very active role in the business affairs of his wife, Saidatina Khadijah r.a. During his governance of the city state of Madina, he promoted trade as a specific activity to provide for one’s livelihood as part of the Deen. He sought to promote entrepreneurship in line with the
tenets of Islam as mentioned in the Quran and Sunnah of the Prophet (s.a.w). These virtues are intended to create a resilient, committed and honest group of Muslim businessmen.

Currently, there is an increasing trend towards excessive profit making, therefore, there is an urgent need to adopt Islamic business culture and Islamic marketing principles which emphasises a balance between commercialism and humanitarianism, and between profit and social responsibility (Alom & Haque, 2011). Islamic marketing principles which emphasises Islamic morality in business conduct should be adopted by all businesses for an enduring and endearing success.

The main objective of marketing practices is to ensure customer satisfaction and fulfil their needs and wants. In Islam, any kind of marketing and business activities are considered *Ibadah*, which is the act of worship, and a marketer is expected to perform to the best of his or her knowledge while seeking the pleasure of Allah (swt) (Zakaria & Abdul Talib, 2010). Even though the goals of marketing are noble, Islam requires that every phase of marketing activities, from product strategy to finally selling the product, meet the rules and guidelines provided in the Quran and Sunnah.

There is growing interest in how Islamic principles influence business practices (Wilson & Grant, 2013; Hashim, Hussin & Zainal, 2014). Marketing activities aimed at serving the needs of customers with sincerity and in accordance with the commands of Allah (swt) become an *Ibadah*. Therefore, it is important for business people to be more responsible in conducting their business practices that will contribute to betterment of society.

In marketing, there are several mix elements known as the 4Ps: Product Strategy, Pricing Strategy, Place (Distribution) Strategy and Promotion Strategy (Kotler & Armstrong, 2016). The Islamic principles of truthfulness, honesty and trust would serve as a guide for marketers in developing the right strategies for these 4Ps. Hence, these lead to production of permissible (halal) products fulfil the needs of consumers, that are hygienically produced and safe to be used with no damaging effects on them and the environment. Cheating and misinformation about the quantity and quality of products, their benefits, usage, content and ingredient are prohibited.

According to Rahman and Jalil (2014), promotional message and information about the product must be accurate, truthful and free from deception or lies. This applies to the spokesperson, ambassadors of the product or representatives used in the advertisement, promises of the benefit, quality and quantity of the product and the special promotional offers by the company. In the effort to make profit, producers and marketers must not ignore the effect of pricing strategies on consumers, competitors and society as a whole.

**Problem Statement**

Increases in consumer expenditure, rapid growth of the Malaysian economy, and an
increased presence of foreign firms, will positively impact industry growth (Rahman & Jalil (2014). The concept of wellbeing and aesthetics continue to profoundly impact developments in cosmetics and toiletries, as luxury goods become more affordable due to greater purchasing power of consumers. Islamic marketing practices and Islamic principles of doing business are becoming crucial and important in many industries especially in Muslim majority countries. Producers are beginning to realise the importance and the size of the Muslim consumer market and its market potential. The huge market is continuously developing, requiring producers to grow in tandem to serve the market. Halal products not only refer to the foods and beverages industry, but also to the cosmetics and toiletries industry where consumers are becoming very concerned over the halal status of cosmetics. Therefore, it is very important for producers and sellers in the cosmetics industries to deepen their understanding of Islamic marketing practices and Islamic requirements to produce and market their products (Wilson, 2014b).

In the industries of cosmetics and toiletries, there are rampant unethical practices to gain huge profits in a short period of time (Rahman et al., 2014). Evading their social responsibilities, these companies neglect moral, ethical principles and cultural bounds in order to maximise profits, market share and wealth creation. The problem, if it not managed well, will affect the industry as customers would eventually feel insecure about the products, lacking confidence in them to ultimately affecting the company’s bottom line. Cosmetics producers such as L’Oréal Group, Proctor & Gamble, Avon, Estee Lauder and Johnson & Johnson are multinational companies who are also involved in other sectors such as pharmaceutical, chemicals and food products. Behind this glitter and glamour however, lies an overgrown monster desperate for extreme profits. It is a vicious cycle that the industry needs to overcome. Islamic marketing practices and principles are considered challenge to the cosmetics and toiletries business industries as they compete with each other to maximise their individual earnings.

Research Objectives

The purpose of this research is to investigate Islamic marketing practices of dealers and agents in Cosmetics and Toiletries Industries. Specifically, the objectives of the study are:

1) To examine the relationship between self and social perspectives of the dealers and agents of Cosmetic and Toiletries Industries with marketing practices.

2) To examine the relationship between marketing issues of the dealers and agents of Cosmetic and Toiletries Industries with marketing practices.

3) To examine the relationship between marketing scenario of the dealers and...
agents of Cosmetic and Toiletries Industries with marketing practices.

4) To identify which marketing mix strategy is mostly being practiced in accordance with Islamic marketing principles.

Literature Review

Globalisation and modern technology have changed the face of the marketing world dramatically as people seek to maximise profit in their desire to increase their wealth. Ambitious and materialistic, people seek the shortest route possible for success (Nik Yusoff, 2002). Malaysians have begun to realise the significance of a moral code for business without compromising the principles free enterprise and free market mechanism (Hasanuzzaman, 2003). In light of the trend towards excessive profit-making, the industries in Malaysia saw an urgent need to adopt the Islamic business culture and practices which emphasise a balance between commercialism and humanitarianism, and between profit and social responsibility. There are new trends and developments emerging, namely in investment and adoption of business practices based on Islamic principles of Shariah. Murtuza (1999) emphasises the need to increase awareness of Islamic ethics, not only for Muslims but also for non-Muslims. Companies need to adopt a complete approach towards Islamic culture in order to successfully implement procedures, principles, rules and practices of Islamic values. In order to do that, workers need to fully adopt, understand and comply with relevant Islamic practices, principles, rules and beliefs (Rice, 2005). It is the economic agents who in the end determine success or failure of Islamic economics and business (Alhabshi, 2007).

Islam emphasises the importance of a holistic economic system. Islam also renders business as one of the most important activities in such a system. The first Islamic business concept is that any business activity comes with economic, social and religious responsibilities (Wilson & Hollenses, 2013). Businesses conducted ethically would not only create economic prosperity, but also contribute considerably towards promoting Islam as a practical, development-oriented, fair and just religion. The second Islamic business concept is that it is an essential and indispensable service to mankind whereby, profitability must always be balanced with efficient, reliable and courteous service in addition to providing beneficial, good quality and reasonably priced goods to consumers. Third, in, there must be mutual satisfaction and consent between buyers and sellers. This means that all lawful business transactions must not only be founded on justice, but also the consumer ihsan, where producers, middlemen and sellers always strive consciously to prevent consumers from having to suffer any losses. The fourth important business concept is the necessity for absolute honesty in all business transactions.

According to Bem (2012), self and social perspective is when people develop their attitude when there is no previous
attitude due to lack of experience and the emotional response is by observing their own behaviour and concluding what attitudes must have caused it. He also mentioned that attitudes will determine the behaviour of people. In reference to the Islamic business ethics, the businessman or the seller must first have high moral values to be able to conduct the business transactions (Ali, Rahman, Albaity & Abdul Jalil, 2015). This is because Islamic teachings and code of conduct strongly emphasise on the observance of ethical and moral code in human behaviour.

In the cosmetics and toiletries industry, there is a tendency among companies to misinform consumers about the ingredients contained in their products. Most customers are not really aware of the company’s marketing practices as they have poor knowledge of them as well as lacking the means or ways to prove the sellers claim in relation to their products (Kalthom & Mohd Ismail, 2010).

A marketing scenario is created based on marketing issues. The marketers agree that in case of false assurance on the cosmetic ingredients, the owner should reprimand his or her employees and emphasise instead honesty and integrity. It is important for employees of the cosmetics and toiletries companies to be knowledgeable about the products they are selling, so that they would be able to provide accurate information to customers (Ali et al., 2015).

Marketing plays a crucial role in satisfying customer needs and wants and also in achieving organisational objectives and goals. According to Kalthom and Mohd Ismail (2010), in order to achieve these objectives and goals, organisations should practice all aspects of marketing strategies and activities including pricing, distribution and promotional strategies in accordance with the rules and regulations stated in the Quran and Sunnah. Islamic guidelines are specifically created to safeguard the interest of all parties involved in the transaction which include the buyers, sellers, business partners and the society. According to Sula, and Kartajaya (2006), the Islamic marketing concept consists of the following: spiritual, ethics, realist and humanist. According to the authors, the Shariah marketing concept is a concept of strategic business discipline which leads the creation process, offering and exchanging values from one person to another, in which the entire process and practices should follow the Islamic principles of dealing (muamalat). In fact, Islam rules over the operations, business relationship, profit maximisation and consumers which are directly related and associated with fairness and obedience to God (Sharif, 2003).

Kalthom and Mohd Ismail (2010) reported that Muslims are aware of the rule and regulations stated in the Al-Quran and Sunnah, however, not many businessmen in Malaysia observed them in their business activities. There are major differences between Islamic marketing ethics and others. First, the Islamic marketing principles based on Al-Quran and Sunnah are fixed, absolute and cannot be separated from the officially accepted and proclaimed interpretations and
second, the organisation should maximise benefit for consumers rather than focus solely on profit (Saeed et. al., 2001)

Ali et al., (2015), suggest that there are still many businessmen who do not observe the marketing practices as outlined in the Quran and Sunnah, particularly in the promotion of their products, such as not giving full disclosure of information, exaggerations and embellishments and false promises in their attempts to sell their products.

Theoretical Framework

The theoretical framework used in this study is shown in Figure 1 below:

![Figure 1. Theoretical Framework](image_url)

Hypothesis Development

The following hypotheses are proposed:

H1 : There is significant relationship between self and social perspective and marketing practices

H2 : There is significant relationship between marketing issues and marketing practices

H3 : There is significant relationship between marketing scenario and marketing practices

MATERIALS AND METHODS

Research Design

This study employed quantitative data collection method. Descriptive research has been used in this study to describe the marketing practices of the producers and agents of cosmetics and toiletries industries. This research describes characteristics of the relevant groups which are the producers and agents in terms of their moral values. The survey was carried out using self-administered set of structured questionnaires which asked respondents to evaluate their companies adherence to Islamic guidelines based on their perceptions. The first part of the questionnaire contained questions on general marketing practices i.e. whether Muslim companies conduct their business activities according to the Shariah moral values. The second part of the questionnaire focused on the marketing strategy perspectives. The respondents for this study were selected producers, dealers and agents of the Cosmetics and Toiletries companies located in Klang Valley. These respondents are still actively involved in
selling cosmetics and toiletries. The moral values and Islamic marketing practices were examined by distributing self-administered survey questionnaire.

**Sampling**

The target population of this study are selected producers, dealers and agents of the Cosmetics and Toiletries Industries located in Klang Valley, Malaysia. The respondents are those who are still actively involved in selling cosmetics and toiletries products. The non-probability sampling was used in this research because the respondents are accessible, easy to measure and cooperative. The sample size in this study is 80 respondents from various companies in Klang Valley.

**Data Analysis**

The Statistical Package for Social Science (SPSS 19.0) software program was used to analyse data. The statistical tools used were Descriptive Analysis, Reliability Analysis and Pearson Correlation Analysis.

All variables were found to have satisfactory Cronbach Alpha values between 0.705 and 0.946 (refer to Table 1). Thus, all the variables (self and social perspective, marketing Issues and marketing scenario) are considered reliable.

### Table 1

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of Items</th>
<th>Cronbach Alpha (N=80)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self and Social Perspective</td>
<td>30</td>
<td>0.705</td>
</tr>
<tr>
<td>Marketing Issues</td>
<td>16</td>
<td>0.946</td>
</tr>
<tr>
<td>Marketing Scenario</td>
<td>6</td>
<td>0.761</td>
</tr>
<tr>
<td>Marketing Practices</td>
<td>32</td>
<td>0.853</td>
</tr>
</tbody>
</table>

Note: All items use a 5 point Likert scale (1=strongly disagree, and 5= strongly agree)

Pearson correlation was used to test all the hypotheses postulated in this study. Table 2 shows the relationship between self and social perspective factors and marketing practices. Since the significance level is smaller than 0.05 (P= 0.028, α = 0.05), it means that there is a significant relationship between self and social perspective and marketing practices of the dealers and agents.

### Table 2

**Pearson Correlation Hypothesis 1**

<table>
<thead>
<tr>
<th>Mean Self and Social Perspective</th>
<th>Mean Marketing Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0.246*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.028</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
</tr>
<tr>
<td>Mean Marketing Practice</td>
<td>0.0246*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level (2 tailed)
of the cosmetics and toiletries industries. In fact, there is a positive relationship between these two variables, which means that the higher self and social perspective of the dealers and agents, the greater their adherence to Islamic marketing principles.

From Table 3 below, since the result is greater than 0.05 (P= 0.893, α =0.05), it means there is no significant relationship between marketing issues and marketing practices. The finding in this section shows the perception of the dealers in regard to the two marketing issues where the owner did not correct the employee’s mistake of false assurance of the cosmetics ingredient. However, there is a positive relationship between these two variables since the correlation coefficient of r is within range of -1 ≤ r ≥ 1. This means the more marketing issues that producers or agents faced, the better their adherence to their Islamic marketing practices.

Table 3
*Pearson Correlation Hypothesis 2*

<table>
<thead>
<tr>
<th>Mean Marketing Issues</th>
<th>Mean Marketing Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>0.015*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.893</td>
</tr>
<tr>
<td>N</td>
<td>80</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level (2 tailed)*

Table 4 below shows the relationship between marketing scenario factors and marketing practices. Since the significance level is smaller than 0.05 (P= 0.026, α = 0.05), it means that there is a significant relationship between marketing scenario and marketing practices of the dealers and agents of the cosmetics and toiletries industries. In fact, there is positive relationship between these two variables, which means that the higher the marketing scenario of the dealers and agents, the higher the adherence to Islamic marketing principles. The finding of this section shows that the dealers agree that the owner should advise the employee that his action of false assurance is not correct and ask him / her to be aware of the ingredients in the cosmetics or the owner should explain the actual content of the cosmetic product to the customer.
From Table 5, the result shows that most of the product and distribution strategies are in accordance with Islamic marketing practices. Meanwhile, in terms of promotional and pricing strategies, it was found that the dealers and agents are practising Islamic marketing principles less.

**RESULTS AND DISCUSSION**

The objective of this study is to investigate Islamic marketing practices in Cosmetics and Toiletries Industries among selected dealers and the agents of these industries by examining three factors: self and social perspective, marketing issues and marketing scenario. The statistical results show that two factors, namely self and social perspective and marketing scenario, have a significant impact on marketing practices. Findings of this study show that the dealers and agents of the cosmetics and toiletries industries in Malaysia have higher moral values and able to conduct business transactions according to Islamic principles. This is a good development as sellers distinguish what is wrong and what is right in their actions. Other findings in this research show the main issues in the cosmetics and toiletries industries are ingredients and promotional behaviour whereby sellers tend to misinform consumers on the ingredients and content of their products.

In terms of marketing mix of 4Ps, results show ethical strategies are employed for product (production) and place (distribution) governed by Islamic marketing principles. Marketing practices, have the highest mean, and the dealers and agents assert that they
are selling cosmetics from pure and clean sources, the products are made from lawful and permissible materials and also reflect the quality and quantity as stated in the package label and in the contract. The sellers claim that they are in fact complying with the Islamic marketing principles by producing and selling halal products to the consumers so that the consumers will feel more secure and confident in consuming the cosmetics and toiletries product in Malaysia. This is also in accordance to the government aims of transforming Malaysia into a global hub for halal goods and services.

In terms of distribution strategy, dealers and agents consider the delivery of their cosmetics products as important. Customers are contacted to ensure they have received their products safely. As stated by Saeed et al. (2001), the distribution channel should create value and raise the living standard by offering satisfactory services to customers.

**SIGNIFICANCE OF THE STUDY**

**To the Dealers/ Agents of Cosmetic and Toiletries Industries**

This research had discussed the strengths, weaknesses, opportunities and threats of marketing practices of the cosmetics and toiletries industries. In order for the cosmetic and toiletries companies to maintain their good relationship with their consumers, they have to provide inputs that will help the dealers and agents to meet the desired expectation of consumers. Findings of this study provide greater clarity to individual dealers and agents on areas of strength and areas to improve in terms of their marketing practices and conducting business.

**To the Public**

As the marketing practices of these companies in the cosmetics and toiletries industries are revealed, the public as a whole may be well aware of how these companies conduct their business. Extra precaution should be taken when buying these products as there is always a risk of being cheated by dealers and agents. Information on the marketing practices would be useful to the public as a whole since it will help them to make the right choice in their purchase. This research is significant to the public as it will increase their awareness of good products and to become more conscious about religious principles when they purchase and consume those products. In other words, they become more conscious about buying halal cosmetics and toiletries.

**To Customers**

This research was a platform for clients to appreciate the marketing practices of the cosmetic companies they are loyal to. Findings will help companies offer improved services so that customers get better value for their money.

**CONCLUSION**

This study found that the dealers and agents of the cosmetics and toiletries industries in Malaysia have high self-moral
values and are conducting the business transactions according to Islamic principles. Other findings in this research show the main issues in the cosmetics and toiletries industries are ingredients and promotional behaviour whereby sellers tend to misinform on the ingredients and contents of their product. From the Islamic perspective, the sellers’ effort to conduct their business and marketing activities should follow certain guidelines according to Islamic marketing principles. In terms of marketing mix, the product (production) strategy and the place (distribution) strategy are follow Islamic ethical guidelines and marketing principles. Several recommendations and suggestions highlighted in this research are meant for improving these Islamic marketing practices among dealers and agents of the cosmetics and toiletries industries in Malaysia towards becoming more profitable, register better growth and contribute towards the Government’s vision and mission in the Economic Transformational Programme to transform Malaysia into a high-income nation by 2020.

REFERENCES


