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

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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).
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

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**Figure 1. Phases of the halal master plan for Malaysia**

*Source:* Saifol (2011)
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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
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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)*

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

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 ($\beta=0.261, t=4.361, p<0.01$) 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 ($\beta=0.471, t=12.592, p<0.01$). Thus, H1, H2 and H3 are supported.

Table 3
Path coefficients and hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Path Coefficients</th>
<th>Std. Error</th>
<th>t-value</th>
<th>p-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Social value -&gt; Customer experience</td>
<td>0.171</td>
<td>0.085</td>
<td>2.002</td>
<td>0.045</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Emotional value -&gt; Customer experience</td>
<td>0.261</td>
<td>0.060</td>
<td>4.361</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Customer experience -&gt; Customer satisfaction</td>
<td>0.471</td>
<td>0.037</td>
<td>12.592</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

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.

REFERENCES


Impacts of Customer Social Values on Halal Cosmetics Industry


