

Customer Loyalty on Non-Muslim Restaurant Operator among Students at Public Universities in Kedah

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Abstract

This paper concern to fill the void on a study that focuses on the students as a target group to see their loyalty when it comes into the selection of restaurant. Therefore, this study objective is to determine customer's loyalty factor on non-Muslim restaurant among students of public universities particularly in Kedah. The study analyses religiosity, halal status, subjective norm, and service quality as the focus attributes towards students loyalty on non-Muslim restaurant. This quantitative research used self-administrated questionnaire of 296 respondents with post experience dining at Seoul Garden restaurant. Thus, the researcher wants to enlarge the study to determine which factor influences the loyalty. The findings allow better understanding on factors influencing loyalty among students of public universities in Kedah and the identified variable may be used by the practitioner to identify factors that make them loyal and contribute revenue to the restaurant.

Key Words: Customer Loyalty, Religiosity, Halal Status, Subjective Norm, Service Quality.

INTRODUCTION

Living in the country with rich elements of ethnicity and diversity of races has promotes a multicultural element embedded in the society. Food is an essential factor for interaction among various ethnic, social and religious groups (Riaz and Chaudry, 2004). The wonderful selection of traditional food and authentic cuisine from multiracial delicacies has attracted the society to have their own favored cuisine regardless Chinese food, Malay food, Indian food or Western food. Each people are unique with their preferences in food choices and these lead the restaurants to make their food business more intact with local articulation. In fact, their preferences pay much concern on inter related behavior namely liking, preferences, choice, and intake (Mak, Lumbers, Eves, & Chang, 2012). In addition, religious factor would be the main concern in the selection of food. For example vegetarian Hindus, among other, are very strict with their food and the orthodox Jews are very particular about their kosher principles. Thus, religion plays one of the most influential roles in food choices (Dindyal, 2003). In the Malaysian context, all Malays are Muslims. This means that the majority of the indigenous people are Muslims and the overwhelming majority of non-Malays are non-Muslims. The non-indigenous communities, therefore, are predominantly non-Muslim (Muzaffar, 1987). Therefore it can be found a variety of restaurant runs by Muslim or non-Muslim to cater the demand from this multiracial society and this has brought changes in the restaurant industry.

In recent years, many of non-Muslim restaurant have been try to obtain a halal certificate to attract more people to enjoy their food. In another perspective, research done by (Raja Adam, 2006) finds that 90% of the world halal food market is dominated by non-Muslim. Those who are unaware of this may feel surprise as the companies that are producing halal food today not primarily Muslim countries. Malaysia manages to import a quite number of meat supply from overseas to cater the increasing demand by the society from Australia and New Zealand. In Malaysia, Muslim population represents approximately 60 percent of overall population. Therefore, it represents the larger market to be tapped. In relation to this, students represent a bigger number of populations in Malaysia nowadays and this correlates as a powerful consumer group. As a student, they spent much of their allowance on food and drinks in the restaurant industry (Jang, Kim, & Bonn, 2011). The students selection of restaurant and their purchasing power very much influenced on external factors such as culture and subculture, reference group, family and social roles and status (Kotler, 2003). In this situation, friends and family will have direct or indirect influence on the student behavior when they want to have food. Besides, level of religiosity, confident on halal logo, societal factor and situational factors are among the variables taken into consideration for this study.

Even though there is some research concerning on purchasing decision of halal products, limited research exists regarding the students purchasing power on the non-Muslim restaurant. Moreover, almost no research has been focusing on the significant

factors contribute to the students selection on non-Muslim restaurant. Therefore, to fill the void, this study is going to be conducted.

Problem Statement

The ever increasing understanding on halal food among Muslim and non-Muslim has led to many restaurant runs by non-Muslim to look for ways to sustain. In Malaysia the expenditure for halal products is more than rm5 billion a year (Norzalila, 2004). This however shows the importance of halal food preparation and delivery. By the way, many of the restaurants claim that they are providing halal food with limited or disappearance of any proof to prevail their statement. A display of signage of no pork or uncertified halal logo doesn't simply conclude that they are preparing halal food. For that we need to test the student purchasing decision on non-Muslim restaurant patronage. Thus, the researcher wants to enlarge the study to test the effect of independent variable namely religiosity, halal status, subjective norms and service quality. This is to get more knowledge regarding the customer loyalty on non-Muslim restaurant by students of public universities in Kedah.

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is quite complex to measure and comprise of three approach includes behavioral, attitudinal and composite (Chen, Bowen, & Chen, 2001).The perspective of customer loyalty in this study is more into a customers who hold favorable attitude toward the company, commit to repurchase the product/service, and recommend the product to others. Customer's loyalty is a vital element of revenue for the business and likely to happen in a form of word-of-mouth thus becomes a very potent method in marketing (Omar, Shaharudin, Jusoff, & Ali, 2011; Yi & La, 2004). This is supported by (Stillwagon, 2014) where a retention of 5 percent loyal customers able to increase profit up to 95 percent. In addition, customer loyalty also refers to the customer commitment to patronize the service regularly even it happen to be any situational influences. (Oliver, 2014).Therefore, it is crucial for the restaurant to understand the attributes that influence customers return back to the restaurant to dine (Haghighi, Dorosti, Rahnama, & Hoseinpour, 2012).

Religiosity

According to (Salah, 2008) religiosity is defined as basic religious belief that offer a person with a meaning-endowing frame work in terms of which life is understood. Religiosity concern on the spirituality of an individual and it embedded an important value to the individual cognitive structure which may influence their behavior. Furthermore, religiousness may play a significant general role in the problem-solving and decision-making processes (Delener, 1994). The selection of restaurant may be

influenced by the religious obligation. In fact, religious obedience influences the customer orientation on their food consumption and social behavior. In addition, it is found that religious factor is important factor that lead customer purchasing behavior (Kordnaeij, Askaripoor, & Postgraduat, 2013). In another study conducted by (Al-Hyari, Alnsour, Al-Weshah, & Haffar, 2012) shows that loyalty was moderated by religiosity and will influence customer perception. The belief is that a highly religious person will evaluate the world through religious schemas and integrate their religion into their life (Mokhlis, 2008). Instead of all factors explain by the previous literature, a study by (Delener, 1994) shows that religion is the most important factor shaping consumer attitudes and behaviors in general and food purchasing and eating decisions in particular (Blackwell et al., 2001). In contrast (Bonne, Vermeir, Bergeaud-Blackler, & Verbeke, 2007) found that 25 percent US Muslims didn't follow the halal diet.

Halal Status

The introduction of halal logo by the Malaysian Department of Islamic Development (JAKIM) has prompt a greater awareness among the Muslim communities in Malaysia about the importance of consuming products that follow Islamic guidelines and principles. JAKIM has been issuing halal certificates and made itself more accessible to the public and for companies to have better information and access to the halal food procedures and guide-lines. Thus, this has increased the awareness of the halal issues to the companies in broad-spectrum (Masnono, 2005). In a study conducted by (Golnaz, R., Zainulabidin, M., Mad Nasir, S. & Eddie Chiew, 2010) suggest that consumers are very concerned about halal food and halal logo on food products. Most respondents react more positively to JAKIM halal logo, although there is still proof to support that consumers are more careful in assess the halalness of all kinds of food products by referring to the list of ingredients. They also found that most consumers are able to differentiate between JAKIM halal logo from the other logos, regardless of the brands on the food products. (Zainal abidin Mohamed, Golnaz Rezai, Mad Nasir Shamsudin, 2008) added that other factors such as religious knowledge and awareness about Halal Food, good manufacturing and hygienic practices by the food manufacturers will bring trustworthiness on food products with Halal logo. In contrast, Rezai, Mohamed and Shamsudin (2012) explains most Malaysians are still unsure or do not have the full confidence in the Halal labeled food products with regard to its "halalness". They suggest monitoring and enforcement of the Halal laws and regulations needs carried out on a regular basis to ensure consumers' confidence towards these products.

Subjective Norms

Subjective norm is a significant belief that shows the underlying influences on subjective norms (Ajzen, 1991). Subjective norm also become the drive factor that leads customer purchase behavior (Ryan & Bonfield, 1975). In addition, subjective norm tent to measure the social influence on a customer behavior in which sometimes decision is not made by them personally but under the expectation of relevant others like family and friends that influence their behavioral performances. In fact, insertion of subjective

norm to measure customer loyalty should provide more accurate result (Ha, 1998). By the same token, another finding revealed that subjective norm is a prominent factor of behavioral intention to select the restaurant when the social pressure from others to perform the behavior is great (Moan et al., 2005).

Service Quality

One of the vital success factor in restaurant industry is service quality where is necessary to influence consumer satisfaction (Shekarchizadeh, Rasli, & Hon-Tat, 2011). Some dimension that influence service quality in buffet restaurant includes freshness, hygiene, variety and re-liability, value, staff excellence, accessibility to all, considerateness, bread assurance, offering multiplicity, relaxation, child–friendliness and entertainment (Oyewole, 2013). It is found that freshness and hygiene is the most important factor in service quality in a buffet restaurant. In addition, service quality provides positive impact on customer loyalty and it build the connection. This is supported by (Venetis & Ghauri, 2004). (Peng & Chen, 2015) also agree that service quality can effect customer negative emotion. After all, other researcher also found that service quality should be mediated by trust and commitment to effect loyalty.

METHODOLOGY

Result and Discussion

The focus of this study is to investigate the level of customer loyalty on non-Muslim restaurant among the students at public universities in Kedah. The students who had a post experience dining at a popular Korean barbeque all-you-can-eat restaurant namely Seoul Garden were invited to answer the structured questionnaires. The restaurants were operated by non-Muslim owner and only selected outlet obtained halal status. The sample of population was students of Universiti Teknologi MARA, Kedah branch and Universiti Utara Malaysia conducted based on convenience sampling. A multiple regression analysis was undertaken to analyses the data namely customer loyalty, religiosity, halal status, subjective norms and service quality. The questionnaire comprised of five sections namely demographic information (part A), customer loyalty (part B) and (part C) measures the attribute of customer loyalty (religiosity, halal status, subjective norms and service quality). The total number usable questionnaires was 296. The characteristic of respondents who participate in the survey are shown in Table 1.

Table 1. The respondent profile

Demographic Variables	Frequency	Percent (%)
Gender : Male	65	22
Female	231	78
Age : Below 18	21	7.1
19-23	231	78.0
24-28	38	12.8

29 and above	6	2.0
Race : Malay	289	97.6
Chinese	0	0
Indian	1	0.3
Others	6	2.0
Education: PhD	3	1.0
Master	10	3.4
Degree	233	78.7
Diploma	50	16.9

Table 2. Correlation coefficient matrix

	CL	R	HS	SN
Customer Loyalty				
Religiosity	.060			
Halal Status	.515**	.221**		
Subjective Norm	.308**	.315**	.431**	
Service Quality	-.373**	-.164**	-.382**	-.259**

* Correlation is significant at the 0.01 level (2-tailed)

Table 2 shows a weak relationship noticed between religiosity and customer loyalty variables ($r = 0.06$). These two variables were not significantly correlated ($p > 0.05$). This result leads to the rejection of alternative hypothesis of H1. It shows that religiosity is relatively less important and not significant at (0.05) in influencing the customer loyalty. This finding contrasts with (Swimberghe, Sharma, & Flurry, 2009) where religiosity has a detrimental effect on store loyalty especially when the market has a consumer with highly committed with their religion. In addition, strong relationships show between customer loyalty with halal status ($r = 0.515$, $p < 0.01$) and subjective norm ($r = 0.308$, $p < 0.01$). These results lead to the statement of alternative hypothesis where H2 and H3 are accepted at the 99% confidence level that indicate the relationship between customer loyalties on non-Muslim restaurant operator among the students at public universities in Kedah. Service quality shows a significant relationship in this situation. Therefore, null hypothesis is rejected and this means customer who are experiencing a good service quality from the restaurant will not necessarily be loyal to the restaurant.

Table 3. Regression matrix

	Standard Coefficient (β)	Significant
Religiosity	-.099	.056
Halal Status	.412	.000
Subjective Norm	.109	.051
Service Quality	-.203	.000

Table 3 provides the result of multiple regression of customer loyalty with other variables. The test runs to find out which variable gives more influence to customer loyalty. From the illustration, halal status has a positive significant result to the customers.

loyalty among students at significant level of ($\beta = 0.412$, $p = 0.00$). The obtained results demonstrate the higher level effect on customer loyalty. Therefore halal status is vital for the restaurant and the management of the restaurant should look into this matter as there is quite number of local Muslim students and international Muslim students in Malaysia. Halal status will give a positive image of the restaurant from all aspect includes cleanliness, safety of food and it provide confident to the students to dine at the restaurant. The second factor that influence the level of loyalty was service quality with ($\beta = -0.203$, $p = 0.00$). (Venetis & Ghauri, 2004) also emphasized on this matter and found that service quality affected the customer loyalty.

RECOMMENDATION

Based on the result hypothesis testing in this study, halal status has shown to have a significant impact on customer loyalty particularly among the students. This is supported by (Muhammad, 2007) where halal awareness are rising among Muslim and non-Muslim population. Out of 33 outlets of Seoul Garden Malaysia, only 25 outlets are halal certified. It is recommended that the restaurant constantly continue to obtain halal status for the remaining outlets and this is vital for the long term investment as this is not only cover the religious need but also community needs. In addition, the restaurant may enhanced the quality of staff and the food. Training on treating customer in term of promptness, helpfulness and appearances will contribute significant impact to the restaurant service while for food, the quality standard on the taste, nutritiousness, freshness and variety of menu shouldn't be tolerated. Subjective norm is an important predictor for customer loyalty. The students expectation of important references like friends and family provides social pressure and influenced them to dine at the restaurant in such situation. On the other hand, level of religious value doesn't significantly influenced the loyalty. Regardless of the students religion, as the restaurant pro-vide quality food, ambiance and services, it will portrayed by the number of customer came to the restaurant.

CONCLUSION

This study had achieved its objectives to analysis the factors that influence customer loyalty. A number of test have been done includes Pearson Correlation Analysis and Multiple Regression Analysis and it's found that only three variable have a significant relationship excluding religiosity towards customer loyalty. As a conclusion, the outcome of the research shows that halal status if the most vital factor that influenced customer loyalty to the non-Muslim restaurant and the least important factor would be religiosity.

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