



CONSUMER PERCEPTION OF HALAL LOGISTICS PRACTICES IN MALAYSIA: A CONCEPTUAL REVIEW

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ABSTRACT

The market for halal logistics services is expanding. Halal sector-driven diversification of halal goods and services from the standpoints of producers and customers is a recent development. The increasing demands of Muslim consumers, particularly for food and beverages, have expanded the potential for halal logistics services. The perspective of consumers, as well as Logistics Service Providers, can benefit from halal logistics activity. Indirectly, the expanding Muslim population worldwide is the reason for the current spike in demand for halal goods. Customers choose the goods or services to purchase based on whether they will meet their known demands. Marketing initiatives, individual experiences, and societal and cultural influences are just a few examples of the many variables that might affect consumer perception. Hence, the objective of this study is to present a conceptual conclusion regarding how consumers perceive halal logistics in Malaysia. The finding shows that Muslim consumers in Malaysia look for the halal label, which denotes that the product has been approved by the Malaysian religious authority. Customers in Malaysia, therefore, favour halal logistics suppliers with sufficient compliance-based documentation in place as a preventative measure to avoid any issue or disagreement.

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1.0 INTRODUCTION

According to Bruil (2010), halal refers to things or conduct that are allowed or allowed by *Syariah*. The term "halal" is used to refer to food in any form during trade or commerce as a component of trading or as part of the trading component of the food in question (Talib and Hamid, 2014). The term "halal," or any other term that might be used to denote or might be interpreted as indicating that food is acceptable and allowed to be consumed by Muslims and is permitted for the referred food to be consumed in their faith, was guaranteed to refer to Muslim food, halal food, or any other term.

Why does halal logistics is a concern to Malaysian consumers? Most consumers in Malaysia are Muslims (Fernando et al., 2023). Hence, consumer demands in Malaysia may lead to the evolution of the halal logistics industry to ensure that every food item comes from an actual manifestation of Islamic principles.

Halal logistics is defined as the processes in the movement and distribution of goods and services in the supply chain according to the *Syariah* principles (Tieman, 2013). According to Al-Kahtani et al. (2017), halal logistics refers to not only the process of guaranteeing that goods are transported and delivered in accordance with Islamic law but also principles such as avoiding the use of prohibited substances, ensuring the humane treatment of animals, and adhering to ethical business practices. All the processes are essential for Muslims in ensuring that the products they consume are permissible according to Islam.

Halal logistics practices include six (6) key components that guarantee the physical separation of halal cargo from non-halal cargo at each point of contact with the consumer, from the transportation ports to the final destination. This includes the activities associated with warehousing (Tieman et al., 2013; Zailani et al., 2017; Karia and Asaari, 2016).

Based on the *Syariah* law and the Muslim population in Malaysia, the latest study of halal logistics is in demand. Therefore, the purpose of this paper is to provide a conceptual finding on the consumer perception of halal logistics.

2.0 CONSUMER PERCEPTION OF HALAL LOGISTICS

2.1 Consumer Perception

Customers decide whether products or services to buy depending on whether they will satisfy their known needs (Agyekum et al., 2015). According to the consumer's assessment of the product's suitability to fulfil that demand, they will decide whether to buy it (Agyekum et al., 2015).

According to a study by Stampa et al., (2020), consumer perception can be influenced by several factors, including marketing activities, personal experiences, and social and cultural factors. The author suggests that marketers should aim to create positive consumer perceptions by focusing on product quality, brand image, customer service, location and type of product; this must be taken into consideration in marketing plans. Other than that, advertising, reviews, social media, public relations, personal experience, and others can also affect consumer perception. All these factors can lead to the consumers' actions in selecting food products (Ruslan et al., 2018).

According to Majid et al (2021), perception refers to a consumer's view or belief in a product or service. Nowadays, customers strongly feel that consuming halal products signifies that they are leading a healthy lifestyle. Furthermore, consuming or eating halal items is seen as a religious obligation for Muslim brothers and sisters (Mathew, 2014).

2.2 Halal Logistics Performance

In halal companies, the halal concept extends beyond the manufacturing and packaging stages and calls for stringent controls all the way through the transportation chain, all the way up until the product is finally delivered to the customer (Zailani et al., 2017, as cited in Fernando et al., 2023). Leaving a product unattended after it has been produced and distributed runs the risk of it losing its halal status because there is a very high chance that it may become contaminated while being transported or stored, and this issue highlights the value of the Halal Supply Chain (HSC) procedures (Fernando et al., 2023).

According to Fernando et al., 2023, quality, time, cost, and flexibility may be utilised to categorise the performance of halal logistics. To ensure the halal concept is applied, halal certifiers must monitor all halal logistics activities, such as *Jabatan Kemajuan Islam Malaysia* (JAKIM) (Masudin et al., 2018).

In encouraging the logistics industry to perform halal logistics, halal certification can be used by Logistics Service Providers (LSPs) as a strategic differentiator to stand out in a market and as guidance to enhance logistic performance (Fernando et al., 2023). Hence, customers may feel more confident in the transparency of halal items if they can see the physical movement of those things. Halal logistics can therefore affect the performance of logistics as a whole (Fernando et al., 2023). Halal logistics activities can be valuable not only to the LSPs but also to the consumer perception.

Logistics suppliers must have strong logistical performance to increase customer happiness and loyalty (Masudin et al., 2018). According to Tieman and Ghazali (2013), Malaysian stores feature non-halal areas for non-halal meat to demonstrate to the buyer that one product has gone through halal logistics. Malaysia has authorised halal warehouses and certified halal transit, and Northport Malaysia has halal logistics policies in effect (Tieman and Ghazali, 2013).

2.3 Demands on Halal Logistics

The recent surge in demand for halal products is indirectly due to the growing Muslim population around the world. The number of Muslims in the world is anticipated to rise from 1.6 billion in 2010 to 2.2 billion in 2030, a rise of roughly 35 per cent (Jaafar et al., 2011).

According to Kamaruddin et al (2012), customers in the consumer and industrial sectors have higher expectations for more precise criteria to establish the requirements for halal compliance within the logistic sector is one of the spillover effects of the demand for halal logistics. If people are demanding something, they are willing to pay the cost of the product and services. Besides, according to Statista, a 2020 survey found that 63.5% of all Malaysians identify as Muslims, making the halal market a crucial industry for the country's commerce and economic growth (Santiago, 2022).

In a study by Tieman et al (2013) (as cited in Talib and Wahab, 2021), consumers are willing to pay more for halal logistical services. Consumer demands also could eventually spur the development of the Halal logistics sector, ensuring that every food product originates from a genuine application of Islamic principles (Fernando et al., 2023). It is also seen that the halal business is propelled not only by financial incentives but also by the necessity to meet local food demand (Talib and Wahab, 2021).

In the Market Analysis Report (2020) in 2019, the size of the global halal logistics market was estimated at USD 286.96 billion. From 2020 to 2027, it is anticipated to rise at a compound annual growth rate (CAGR) of 8.4% (figure 1). The rise in global halal food trade is in part due

to the rising Muslim population, which increased consumer expenditure on halal goods. Due to superior educational and employment prospects, as well as a much younger population than any other religion in the world, Muslim consumers' spending power has expanded significantly over the past several years.

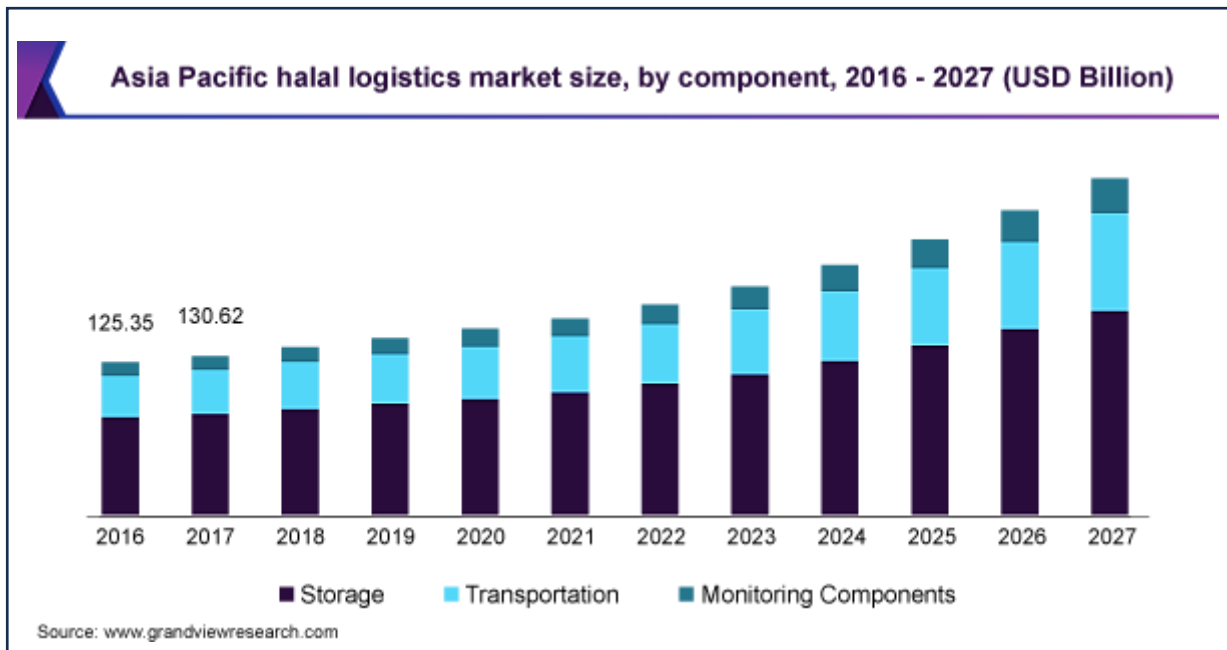


Figure 1: Asia Pacific Halal Logistics Market Size 2016 to 2027

3.0 FINDINGS AND DISCUSSION

A strategy often used by firms is to improve logistics operations to maximise profits while preserving high levels of customer satisfaction. The halal logistics sector has experienced a notable expansion in this environment (Doğaner and Fidan, 2023). Customer perception has a significant role in the effectiveness of halal logistics since it investigates the variables that affect customer willingness to spend. The degree of customer confidence in halal certification was also examined by Latif et al. (2014). The findings showed that misleading information about the halal logo or certification may cause a significant loss of confidence. The perception of the consumer, however, goes beyond just halal items and encompasses the entire halal process, from the beginning of production through delivery at the destination, including all logistics activities (Khan et al., 2019). The same study also indicated that customer willingness to pay for halal logistics is positively and substantially associated with concern over halal.

The halal integrity of the halal products will suffer if halal criteria are not followed. When halal items are given to end customers, the risk of contamination rises due to the halal supply chain's subpar performance, which may compromise halal purity (Ruangsriroj and Suvittawat, 2022). Concerns regarding a few unethical commercial practices that degrade the quality of services offered by Logistics Service Providers (LSPs) of Halal items have been raised by customers, logisticians, and related sectors (Haleem et al., 2021). The study also discovered that customers' behaviour is directly impacted by concerns about halal by increased efforts to uphold Islamic principles. This illustrates how crucial halal assurance services are for customers. Governments must therefore increase users' understanding of Halal through various sources. The increased

demand for halal goods on a global scale compels logistics service providers to incorporate halal logistics.

On the other hand, due to high initial costs and a lack of resources to implement halal logistics, many logistics companies are unable to provide halal logistics services and are unable to gain the certification necessary to do so. Consequently, customer satisfaction suffers significantly because of the inadequate resource capacity of halal logistics services (Karia, 2022). It has also been amply demonstrated that consumers' perceptions of halal logistics and willingness to pay for them are closely related (Majid et al., 2021). Referring to the same study's findings, non-Muslims who were knowledgeable about halal and had a favourable opinion of halal logistics may be willing to pay for it.

In Malaysia, Muslim buyers seek the halal label, which indicates that the product has been certified by the Malaysian religious authority. The Department of Islamic Development Malaysia (JAKIM) is the authority in charge of halal assurance in Malaysia (Selim et al., 2022). Malaysia's halal certification is internationally recognised as a commercial setup for the halal products market. Muslim halal food customers, who make up the majority of Malaysians, have demonstrated a better comprehension of the halal concept. Furthermore, a study by Mohd et al (2022) revealed variances in the level of separation between Muslim and non-Muslim consumers.

In comparison to non-Muslim consumers, Muslim consumers are more willing to pay more. Therefore, halal logistics is critical, particularly for Muslim consumers in Malaysia, where tight regulations are required to ensure that halal is assured from beginning to end. Previous research (Zainuddin et al., 2023) indicates that customers in Malaysia prefer halal logistics providers with adequate compliance-based paperwork in place as a preventive strategy to avoid any problem or conflict with regulatory agencies and customers.

4.0 CONCLUSIONS

The halal business has grown in recent years because of the rising demand for halal products from both Muslim and non-Muslim consumers and the understanding that halal is a global concept shared by both Muslim and non-Muslim cultures. According to this study, Malaysian consumers prefer Halal items that use Halal logistics practices. It is consistent with a prior study, which revealed that Muslims are willing to pay for halal logistics due to demand, a favourable perception of halal logistics, and worries regarding halal components (Majid et al., 2021). Consumers today are interested not just in the production process but also in the complete supply chain activities, including halal slaughter.

The study's findings will give light on policymakers and logistics providers to develop policies and processes to improve consumer satisfaction in Halal logistics. Additionally, the government must actively promote by organising events, campaigns, and other feasible means to inform customers about halal, Halal Supply Chain (HSC), and halal logistics. However, this research can be expanded by collecting primary data from consumers and also logistics provider in order to get more insights on their perceptions towards Halal Logistics.

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