
FACTORS INFLUENCING ON CUSTOMER'S DECISION MAKING IN PURCHASING CHICKEN MEAT BASED ON COUNTRIES OF ORIGIN IN MALAYSIA

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Abstract: Globalization has become an imperative in today's competitive market place with firms often outsourcing various parts of their production and operation to different countries in search of the lowest possible cost and expertise. Previous researches suggested that, the COO besides brand, price and quality of the specific product may influence customer perception to purchase a product. In this research we will focus on food products specifically chicken meat products in Malaysia. The aim of this research is to explore factors influencing Malaysian purchasing decision towards chicken meat products. This study was conducted in the Klang Valley with a total of 350 respondents that has been selected via simple random sampling method. The data collected was analyzed using descriptive analysis and factor analysis. The findings has identified six factors namely Halal logo, product's label, brand, quality, price, and country image as the factors influencing Malaysian consumer's decision to purchase chicken meat products. The most important factors that shape Malaysian purchasing decision based on COO are Halal logo, product's label, brand, quality, price, and country image. It was found that Halal logo and quality are two factors that Malaysian consumers consider the most compared to the other factors.

Keywords: Decision Making, Purchasing Behavior, Country of Origin, Chicken Meat.

Introduction: This concept of country of origin has its roots in World War 1. The victors forced Germany to label their products with 'Made in Germany' as a form of punishment, due to Germany's bad reputation in Europe at that time. Recently, this concept has undergone quite a development in international marketing, which culminated in a number of research addressing this topic, especially in the realm of studying the influence of country's image on the perception of consumers and how they relate this to the product's quality (Cai, Cude & Swagler, 2004; Laroche, 2005; Zeugner-Roth & Diamantopoulos, 2010). It was determined that the labels evoke a symbolic or emotional response in consumers. Their emotional response is indicative of their beliefs, attitudes, and intentions. This is especially poignant if quality is part of the consideration. This is also important vis-à-vis the perception of a consumer on the country of origin itself, and this factor has actually been used as an evaluative dimension. It is generally well known that the country of origin strongly sways customer perception of the product, especially in the case of tangible products (Erickson, Johansson and Chao, 1984, Wyer, 1989). This factor (Country of origin) influence customers via the creation of a mental perceptual competitive difference between products when considering a purchase through the

control of the effect of the intrinsic cues of the products (Gudero, 2001).

In certain cases, consumers based their decision to purchase on qualities such as taste or smell, but when undecided or both coming close, then external cues, such as country of origin, might play a crucial role in swaying the customer to purchase certain products. Studies have determined that country of origin, acting as an extrinsic cue is salient towards the determination of the quality of the products as opposed to other cues such as price or brands (Han and Vern, 1988, Wall, Lieffeld, and A. Heslop, 1991, Miyazaki, Grewal, Goodstein, 2005).

Another major consumer's concern, particularly Muslim consumers in Malaysia, is the status of Halal. For example, the issue regarding meat products with a questionable Halal status is receiving a wide negative publicity from the Malaysian media. This is because the majority of Muslim consumers will refuse to purchase or consume meat products that are not certified halal by the religious authorities. Despite this, price still is, and remains, the deciding factor in a consumer's purchasing decision. The United States Department of Agriculture (USDA) revealed that Malaysian consumers are also becoming more price-sensitive towards value-for-money products (USDA, 2006). The major industrial players are constantly addressing the challenge of creating innovative

products at lower and lower costs without sacrificing the quality of the product.

Review of Literature:

Consumer purchasing behavior: According to Kotler and Armstrong (2001), consumer purchasing behavior refers to the purchasing behavior of the individuals and households who buy goods and services for personal consumption (Knox & Walker, 2001). Consumers around the world are different in various factors such as age, income, education level and preferences which may affect the way they avail of goods and services. This behavior then impacts how products and services are presented to the different consumer markets. There are many components which influence consumer behavior namely; cultural, social, personal, and psychological (Keaveney & Parthasarathy, 2001). Consumer behavior is the study of when, why, how and where people do or do not buy products (Pelau, Vladoi, Fufezan, Dinca, & Ghinea, 2010). Kundi et al (2008) stated that consumer behavior refers to the mental and emotional process and the observable behavior of consumers during searching, purchasing and post consumption of a product or services. Consumer behavior blends the elements from psychology, sociology, anthropology and economics. McGraw-Hill (2005) define consumer buying behavior as the behavior in the quest to satisfy needs which products and services were acquired to satisfy these personal consumption needs (Hawkins & Mothersbaugh, 2009). Consumer behavior involves the psychological process that consumers go through in recognizing needs, findings ways to solve these needs, making purchase decisions, interpret information, make plans and implement these plans (Donkor, Sarpong, Kankam-Kwarteng, & Duah, 2013).

An understanding of why a person makes purchasing is very important in the marketing process.

Exploring consumer buying behavior and consumer needs are part study of the consumer value needs purchase. Consumption behavior is an important to understand the structure and society functioning (Assad, 2008). Ismail and Panni (2008) pointed out that consumer buying behavior as crucial part of consumer behavioral perspective (Ismail & Panni, 2008). Besides, McKenzie (2000) has shown that customer purchasing behavior is significant behavioral aspect of consumer behavior (Ismail and Panni, 2008).

Overview of Poultry Industry in Malaysia: According to the Federation of Livestock Farmers' Associations of Malaysia (2013), in 2012, there were three grandparent stock farms supplying 90.6% of the parent stock chicks needed by the parent stock farms. There are 25 parent stock farm companies in Peninsular Malaysia, which produced more than 548 million broiler day-old-chicks in 2012. The major breeds were Cobbs and Ross accounts for 96.2% of utilization. Approximately, in the year 2010, there were 3200 broiler grower farms producing 523 million birds, in which 43 million live birds were exported to Singapore. An estimated 30% of broilers are sourced via processing plants and sold in hypermarkets, while the remaining are sold as live or dressed birds in the wet markets. The most well-known poultry operations in Malaysia are Leong Hup Holdings Berhad (LHH), which was incorporated in 1979. LHH produces 130 million day-old chicks per annum, capturing approximately 22.53% of the day-old chick market to become the biggest broiler distributor, by distributing approximately 3 million broiler chickens per month. The price of chicken meat increases annually, from RM7/kg in 2012, to RM7.8/kg in 2013, with a whole chicken costing about RM14 (Carvalho, 2011). The price increased due to factors such as the increase in the prices of day-old chicks and the global prices of maize, which are used to feed the chicks. Malaysia is known as an exporter of poultry livestock and meat, namely chicken, turkey and ducks to neighboring Asian countries. Malaysia has gained approximately RM 2.7 billion worth of export, which contributed significantly to the country's economic growth (Ministry of Agriculture and Agro-based Industry Malaysia, 2013).

Chicken Meat in Malaysia: Malaysia is a multi-racial and religious country. Chicken meat is the most common dish serves during the festive season for the Malays, Chinese, or Indians communities alike. For the Malays, among the famous chicken dish served during the Eid Festival is surrounding, which is the desiccated meat, chicken, or fried fish with chili (Muhammad, Zahari, Othman, Jamaluddin, & Rashdi, 2009). The Chinese celebrate the Chinese New Year; duck or chicken is served during these festive celebrations (Denton & Kaixuan, 1995). A wide variety of traditional spicy food is served, such as chicken tandoori during Deepavali (Nuraisyah, Zahari, Inoormaziah, & Zulhan, 2012). The rise in the habit of purchasing and cooking chicken meat is not only

observed in Malaysia, but other countries as well. In Ethiopia, religious festivals dictates the demands and prices of local poultry (Dorji, Daungjinda, & Phasuk, 2011). Chicken meat is also served during Christmas, and one of the unique dishes served in India during this season is chicken Manchuria (Subramaniam Mohana & Vellingiri, 2014). The rise in chicken meat demand is also observed in Myanmar during festive seasons. According to Henning et al. (2006), during major festivals, the demand for chicken increases, and middlemen pay a higher price to the farmers in Myanmar in order to fulfill this demand (Henning, Khin, Hla, & Meers, 2006). According to Guerrero-Legarreta and Hui (2010), chicken is the most affordable source of protein compared to beef, pork, or mutton (Guerrero-Legarreta & Hui, 2010). The demand for chicken meat is also increasing for many sectors, such as the food-service industry, institutional, and fast-food sectors. The demands are not limited to fresh chicken meat, but are also for products such as frozen chicken meals, precooked meals, and chicken burgers. Moreover, poultry are directly sold to markets, hotels, restaurants, and supermarkets, as it is the cheapest protein source.

In Malaysia, food consumption and restrictions on food items are guided through race, culture, and most importantly, religion. Generally, religion is a major influencing factor on consumer attitudes and behaviors (Hino, 2011; Jusoh, Syakinah, & Syakinah, 2013; Muhammad et al., 2009). However, chicken meat is deemed acceptable by all races in Malaysia, with Muslims consuming halal chicken meat. Malays, Chinese, and Indians consume chicken meat in their everyday life, whereas there are some religious restrictions on other meats, such as pork or beef. In a global sense, there are not many studies focusing on identifying factors influencing the preference and consumption of chicken meat. When compared to other meats, chicken is regarded as a healthier choice based on its low fat content. Chicken meat, in particular chicken breast fillets, is classed as being lean and low in fat content (Kennedy, Stewart-Knox, Mitchell, & Thurnham, 2004).

Methodology: In this research the most famous and user-friendly package for undertaking detailed analysis and relative result which is SPSS software has been used. Confirmatory Factor Analysis (CFA) is utilized to analyze the construct validity of the instrument that is common to do so uses well (Hair, 2009). Moreover, this technique provides a more

rigorous interpretation of dimensionality than the Exploratory Factor Analysis (EFA) technique (Diana, 2006). In addition, CFA is useful as an interpretation of the results and sorting explored factors (Chin, 1998). This study was conducted in the Klang Valley with a total of 350 respondents that has been selected via simple random sampling method. The data collected was analyzed using descriptive analysis and factor analysis.

Results and discussion: As mentioned in the previous chapter, a total of 350 chicken meat consumers participated in this study, and were interviewed via a structured questionnaire. This part of the research illustrates the social demographics of the total respondents in several aspects, such as age, gender, education, marital status, and employment status, level of income, race and religion.

The socio-demographic determines the profile of chicken meat consumers who participated in the survey. Based on Table 1, the results of this study shows that 64.1% of respondents were aged between 21 to 30 years old, 10% of them were aged between 31 to 44 years old, 21.2% of them were younger than 20 years old, 2.5% of them were aged between 41 to 50 years old, and 1.5% of them were between 51 to 60 years old.

The smallest part of age belongs to consumers older than 61 years old. According to Table 4.1, the majority of the respondents were females (69.22%), while 30.08% of them were male. On the other side, singles participated in this study at a rate of 80.22%, married people were at 17.24%, and widow/widower were at 2.45%, while only 0.9% of divorced people participated in this study.

With regards to the consumers' level of education, 43.54% of respondents possess a bachelors' degree, 30.08% of them have diplomas, 14% of them have secondary school education, and 10.03% of them have a post graduate degree. The smallest proportion belongs to PhD holders in this case. Based on Table 4.1, the majority of the respondents were Malay (73.06%), while a minority of respondents was Indian (8.77%). Moreover, the Chinese participated in this study at a proportion of 9.766%, while 8.409% of respondents were of other races. In terms of religion, the highest number of the respondents adheres to the religion of Islam (78.08%), while the smallest number of them is Christians (5.797%), with 7.971% of them are Buddhists.

Table 1: Demographic Profiles of the Respondents

Demographics	Frequency	Percentage (%)	Demographics	Frequency	Percentage (%)
Age			Gender		
Less than 20 years old	75	21.2	Male	105	30.08
21 years old – 30 years old	224	64.1	Female	245	69.22
31 years old – 40 years old	35	10	Total	350	100
41 years old -50 years old	9	2.5	Education		
51 years old -60 years old	5	1.5	Primary school	3	0.632
Above 61 years old	2	0.7	Secondary school	49	14
Total	350	100	Diploma degree	105	30.08
Marital Status			Bachelor degree	152	43.54
Single	281	80.22	Master	35	10.03
Married	60	17.24	PhD	6	1.716
Widow/widower	8	2.45	Total	350	100
Divorced	1	0.09	Race		
Total	350	100	Malay	256	73.06
Religion			Chinese	34	9.766
Islam	273	78.08	Indian	31	8.77
Buddhist	28	7.971	Other	29	8.409
Hindu	27	7.79	Total	350	100
Christian	21	5.797	Income per		
Other	1	0.362	< 1500 RM	161	46.2
Total	350	100	1501 – 2500 RM	92	26.2
Employment Status			2501 – 3500 RM	53	15.3
Working in government sector	40	11.39	3501 – 4500 RM	26	7.3
Working in private sector	152	43.31	4501 -5500 RM	9	2.5
Students	5	40.96	>5501 RM	9	2.5
Retired	144	1.447	Total	350	100
Unemployed	9	2.803			
Total	350	100			

Finally, in terms of income per month, this study found that 46.2% of consumers earned less than RM1500 per month, 26.2% of them earned between RM1501 to RM2500, 15.3% of respondents earned income between RM2501 to RM3500 per month, 7.3% of them had between RM3501 to RM4500, while a minority of the respondents are earning incomes of more than 4501RM per month (5%). Furthermore, in relation to employment status, this study found that 43.31% of the respondents were working in the private

sector, 40.96% of them were students, and 11.39% of them were working in the government. Furthermore, pensioners participated in this study at a rate of 1.447%, and the unemployed at 2.803%.

Factors Influencing Purchasing Decision of Chicken meat based on COO: The factor loadings are represented in the rotated component matrix, and are important for the interpretation of the factors, especially higher ones. However, it is also the question of how high a loading has to be in order to

determine the interpretation of the factor in a significant way. This depends of the sample size; the bigger the sample, the smaller the loadings and this can be made to be significant. Stevens (1992) made a critical values table to determine this significance (Sharma & KUMAR, 2006). On the other hand, the significance of a loading gives little indication of the substantive importance of a variable to a factor. For this to be determined, the loadings have to be squared. Factor loadings that exceed 0.4 should be interpreted in this manner (Sharma & KUMAR, 2006).

As shown in Table 2, in this study, rotated component matrix has been applied, and it states the factorial saturation of the items. The factor analysis of 31 statements was conducted, and the factors that were extracted and arranged according to the

proportion of variance were explained. All factors were defined to reflect the factor influencing the Malaysian purchasing decision based on COO towards chicken meat products. According to the result of the rotated component matrix, six latent factors were identified, accounting for about 58.674% of the total variance. Based on Hair (2009) and Pett et al. (2003) in the natural sciences, factors should be stopped when at least 95% of the variance is explained, while in social sciences, the total variance is explained to be commonly as low as 50-60%. Since this study is a market research and a part of social science, the value of 58.674% is adequate and acceptable, and six extracted factors are discussed in the next section.

Table 2: Factors Influencing in Malaysian Purchasing Decision based on COO

Items	Factor Loading					
	F1	F2	F3	F4	F5	F6
Factor 1: Halal Logo						
H1	.899					
H2	.885					
H3	.792					
H4	.763					
H5	.653					
Factor 2: Products' Label						
L1		.796				
L2		.736				
L3		.733				
L4		.622				
L5		.584				
L6		.570				
Factor 3: Brand						
B1			.652			
B2			.636			
B3			.618			
B4			.574			
B5			.564			
B6			.548			
B7			.540			
Factor 4: Quality						
Q1				.648		
Q2				.630		
Q3				.618		
Q4				.608		
Q5				.504		
Factor 5: Price						
P1					.819	

P ₂					.791	
P ₃					.749	
P ₄					.607	
Factor 6: Country Image						
I ₁						.715
I ₂						.687
I ₃						.528
I ₄						.515
Eigenvalues	10.432	2.701	2.607	1.854	1.256	1.099
Percentage variance	30.682	7.944	7.668	5.452	3.695	3.234
Cumulative variance	30.682	38.626	46.294	51.746	55.441	58.674

Reliability: The analyses of internal reliability were conducted on entire factors that were used in this study. As noted before, Cronbach's alpha values provided strong evidence of the measurement's reliability (Fornell and Larcker 1981, Nunnally and Bernstein 1994). According to Sekaran (2006) and Hair et al (1998), Cronbach's alpha values must be 0.70 in order to establish the scale's reliability. The

alpha scores gathered in this study for each factors were in the range of 0.738 to 0.903. So, the factors such as the Halal logo, with a 0.903 Cronbach' alpha, product's label with 0.841, brand with 0.808, price with 0.784, quality with 0.738, and country image with 0.738 possess sufficient internal reliability and consistency.

Factor	Number of Items	Cronbach's alpha
Halal Logo	5	0.903
Product's Label	6	0.841
Brand	7	0.808
Quality	5	0.738
Price	4	0.784
Country Image	4	0.738

Conclusions: A total of 350 respondents answered the structured questionnaire representing their socio-demographic characteristics, experiences, and habits in chicken meat consumption, knowledge, awareness of COO, and the intention to buy chicken meat products. Data were collected from the Klang Valley area. According to the descriptive analysis, the majority of the respondents are between 21 to 30 years old, with the majority being females and single. Malays contributed to this study more than other races, and most of respondents profess the religion of Islam. The maximum number of respondents has a bachelor's degree, and earns less than RM1500 per month. Moreover, awareness to COO differs among chicken meat consumers with different socio-demographic characteristics.

The main objective of this research is to find the determinant factors influencing Malaysian

purchasing decision based on COO. The factor analysis test identified and extracted all-important factors. Based on the factor analysis, the Halal logo, product's label, brand, quality, price, and country image were defined as factors influencing Malaysian purchasing decision based on COO. However, previous studies and theory of planned behavior identified just five factors influencing the study, such as the Halal logo, brand, quality, price, and country image. However, by running factor analysis, one extra factor was identified as "product's label".

Referring to factor loading results, it was found that the Halal logo is the most important factor that affects consumer's awareness to COO. On the other hand, the effect of brand and product's label is relatively small.

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