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Pricing and Consumers Preference toward The Buy Muslim First (BMF) Products

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Abstract

The change in the level of price ceiling for chicken and chicken eggs, plus the removal of subsidy for cooking oil in bottles tentatively on 1st July 2022 and the incident of global food crisis is expected to increase the cost of living in the nation. The Buy Muslim First (BMF) campaign that is intended to provide positive economic impacts on the Muslim's economy by providing high-quality halal, clean, and tayyib goods need to compete with the available range of consumers product. Entrance to the market itself has led to the high level of products and further impact of subsidy and ceiling price removal for sure affects the BMF products. This study intends to seek at the factors that led to higher level of pricing for BMF goods and to study the customers preference on choice of goods, indirectly proposing ways to increase the awareness to consume BMF goods. This study will impose both qualitative and quantitative study through interviews and distributing questionnaires to 100 random consumers who live within Selangor. Using the Likert scale tools, the data is then analysed using the demographic and descriptive statistics. The study finds out that the cost of competitive market entrance, the size of production, capitals and image brands affect the pricing for BMF goods. Consumer preferences on choice of goods is highly determined by the level of income and price of the BMF goods. To increase the demand for BMF goods there is a need for supply chain management to recognize loyal customers as BMF goods have their own market segmentation; and BMF products owners need to benefit from the usage of electronic commerce and so to make extra investment in marketing for the products itself to reach the consumers.

Keywords: BMF, Consumer, Pricing and Preference

Introduction

The Buy Muslim First (BMF) campaign has been launched by the Non-Governmental Organizations (NGOs) namely the Malaysian Muslim Consumers Association (PPIM) together with the Gerakan Pembela Ummah (UMMAH) in April 2019 (al-Hijrah Online, 2019). The campaign is intended to empower the economy and the earnings of the Muslims in Malaysia with focusing on the *halalness* and the ability for the Muslim products to compete with the readily customer preferred-brand products. It is a campaign where Muslim customers are encouraged to purchase and to prioritize their selection of consumers product sold by the

Muslim business owners (Othman et al., 2020). Indirectly this will help to boost the economy of the Muslim and develops better support for Muslim products.

Though the campaign received conflicting point of view from the society, the campaign is considered a success in its early launching period. The chairman of UMMAH, Aminuddin Yahya responds that Muslim business owners are receiving positive feedback in demand where increase in sales revenue is up to almost fifty percent post the launching of the BMF campaign (Danial, 2019). Prioritizing Muslims products and boycotting non-Muslim products are two different things. The BMF campaign has received political and racial issues. Yet, to its advocators there is huge differences between prioritizing the Muslim products and boycotting the non-Muslim products. The BMF is an economic agenda of the Muslim to empower the Muslim economy through prioritize the Muslim products. It does not intend to boycott the non-Muslim products (Hilmy, 2019).

Literature Review

Why Muslim products? The campaign upholds the concept of *taawun* (helping each other) specifically within the area of *muamalat* (buying and selling). As according to the Tan Sri Harussani Zakaria (Perak's Mufti) the act of supporting Muslim's businesses among Muslim is considered as an ibadah. Religion and belief are an important factor in determining the consumer decision making process and indirectly it will help the consumer to choose halal and tayyib goods and helps the survival of the Muslims economy (Ismail, 2019). In addition to that, when the business of the Muslims had been empowered and they could be able to raise their sales revenue, it could also help on the collection of the zakat. Economic empowerment of the Muslims could indirectly increase the collection of zakat on businesses (Wahid et al. 2022).

Price is the amount of money for which something is sold. In Islamic transactions, the concept of pricing requires a just price and mutual consent of parties involved in the transaction. Just price is where the pricing avoids elements of gharar, usury, hoarding, gambling, cheating, and illicit goods. While the mutual consent is about the principle of the willingness of the involved parties within a transaction toward the price (Kusuma, 2019). In economics, price plays an important role in consumer preferences as it affects product's value, quality, and decision for consumers to make upon purchase (Akdogan, 2021). Price is indeed so crucial as it represents consumer purchasing ability.

There are various types of pricing strategies, yet among the most used in pricing strategies are the value-based pricing, competitive pricing, and cost-plus pricing strategies (Bonnici & Channon, 2015). Cost plus pricing strategies for example indicate that businesses need to acknowledge their fix and variable cost and add up profit margin in price determination (Zimbhoff & Schlake, 2015). Effective pricing is important for businesses to reach profitability and at the same time the pricing should be developed in understanding the customers' ability to purchase. Aiming for high level of profit will not determine a good sales revenue turnover. Thus, there is a need on effective pricing strategies.

When combined the strategy of BMF campaign and the pricing strategies, it could be seen that consumers perceive that Islamic brand products sold at grocery is slightly expensive as compared to non-Islamic brand products. For example, study done by Dali et al (2009) found out that food products with halal certification are generally more expensive than without the halal certification. Looking at different perspective, study conducted by Che Arshad & Ismail (2011) found out that Islamic banking products are priced directly off money market interest rates with narrow profit margins due to intense market competition. Thus, to

say that businesses owners have full control over the price of goods is not really true, as market competition might set the price range.

Methodology

This study will impose both qualitative and quantitative studies. Both primary and secondary data are used for the data analysis. Secondary data from journals, economic reports, newspaper articles are used in completing and supporting the findings. As for the primary data, the first objective of finding the factors that led to higher level of pricing for BMF goods is completed through performing interview with the BMF products owners. Business owners were asked about the contributing factors for higher level of pricing for BMF goods and how they compete with available products in the market. The second objective to study the customers preference on choice of goods is completed through distributing questionnaires towards 100 random Muslim consumers within Selangor. The questions are distributed using online google form through WhatsApp group of neighbourhoods within Selangor. Likert scale tools is used to analyse the consumer preference on choice of essential goods.

The questionnaires are arranged in term of three section namely the demographic of the respondents, the factors of consuming essential goods and the consumer preferences towards BMF products. Next, the data is then analysed using the demographic and descriptive statistics. The demographic analysis gives understanding of the demographic features of the sample size such as gender, age, educational background, types of employment, number of households and household income. While descriptive statistics provide a summary of the findings in general using frequencies, percentages, mean and standard deviation. It is expected that the level of income and pricing of the BMF goods will be the major factor for consumer preferences in purchasing BMF goods.

Results & Discussion

Qualitative Results

The first objective of finding the factors that led to a higher level of pricing for BMF goods is completed through performing interviews with the BMF product owners. These owners are food and beverages (f&b) based BMF products owners and have been in the industry for about 10- 20 years of operations. One of the owners received capital aid assistance from cooperative with the monthly sales revenue ranging from RM10,000- RM15,000.

When being asked what are the factors that led to high level of pricing for BMF products; among the answers received are this is due to the factor of the higher cost of input/ raw materials to produce the goods. The size of the company itself that is considered as micro-scale led to the business owners of BMF products to purchase the raw materials required to produce output from the nearby grocery store. This will for sure led to higher cost of input as compared to other major producer and macro scale producers who could easily get a lower price of resources/ input from direct supplier of needed resources such as flour and cooking oils.

In addition to that, the output produced by these producers are also in micro scale production which led to its higher level of average cost. Nevertheless, it could not be argued that a clear cost-profit analysis could not be done as for example one of the business owners stated that the business is running with just a simple sales revenue accounting. An in-depth analysis of the real operational cost could not be answered without the clear accounting procedure. The best part of BMF goods is according to the business owners BMF goods have their own market segmentation. They have what they call as the 'loyal customers' who will

repeat the purchase just to ensure that the goods are from BMF products. Interestingly, this is not only towards single consumer but also 'loyal retailers' and 'loyal restaurant owners' who opt for consuming BMF goods.

Quantitative Results

Table 1 summarizes the finding on the demographic of the 100 random respondents resides within the neighbourhood of Selangor:

Table 1

Demographic of Respondents

Item		Frequency	%
Gender	Male	35	35
	Female	65	65
Age	20 - 30 years	37	37
	31 - 40 years	23	23
	41 - 50 years	22	22
	51 - 60 years	18	18
Educational background	SPM	10	10
	Diploma	15	15
	Degree	55	55
	Master's Degree	16	16
	Doctorate	4	4
Types of employment	Public Sector	37	37
	Private Sector	20	20
	Self-employed	14	14
	Non-Governmental Organisation	2	2
	Others	27	27
Number of Households	≤ 2	11	11
	3	16	16
	4	17	17
	5	19	19
	6	19	19
	≥ 7	18	18
Household Income	< RM2,000	13	13
	RM2,001 – RM4,850	23	23
	RM4,851 – RM6,000	8	8
	RM6,001 – RM8,000	18	18
	RM8,001 – RM10,970	12	12
	> RM10,971	26	26

As the table shows, most of the respondents are female which comprises of 65% of the respondents. 37% of the respondents are young adults age ranging from 20-30 years old. About 45% of the respondents are middle-aged adults with the age ranging from 31- 50 years old. The remaining 18% are comprised of older adulthood. This data is tally with the fact that most of the respondents are employed and able to purchase consumption of essential goods on their own income. Next with regards to the educational background, majority of the

respondents are having their bachelor's degree which represented by 55% of the respondents. This indicate that most of the respondents have high level of education and will make a wise decision in consumption process.

Next, 37% of the respondents are working in the public sector, 20% are working with the private sector and 14% remaining are self-employed. Highlighting this fact together with the notation that most of the respondents are from the middle-aged adults; it explains the figure of 26% from the respondents are from the high-income group. Their income is ranging above RM10,971 which in Malaysia economic condition is considered as the Top 20 (T20) income group. Yet, majority of the respondents (about 38%) are from the Middle 40 (M40) income group with their household income are ranging from RM4,850 up till RM10,970. Even though majority of the respondents from M40, this could imply that their choices of consumption still considering the price of the BMF goods.

Finally, Table 1 also shows the composition of number of households within a house. The number of households is important in such a way that it indicates the portion of consumption for essential goods. A larger number of people within a house indicates that they need a bigger basket of essential goods, thus income and pricing option will be affected in their choice of goods. Similarly, those with single person or just couple of husband and wife within a house, might not consider income level and pricing of goods within the purchase of essential goods. From the data, about 11% of the respondents are either one person or couple who live without children. The remaining 89% of the respondents are the households with children and could be with extended family such as grandparents.

Table 2 summarizes the factors on consuming essential goods by the respondents.

Table 2

Factors on consuming essential goods

Item		Frequency	Percentage %	Mean	Standard Deviation
I purchase daily essential goods looking at the price of the products	Strongly Disagree	0	0	4.53	0.6428
	Disagree	1	1		
	Neutral	5	5		
	Agree	34	34		
	Strongly Agree	60	60		
I purchase daily essential goods looking at the quality of the products	Strongly Disagree	1	1	4.37	0.8122
	Disagree	1	1		
	Neutral	12	12		
	Agree	32	32		
	Strongly Agree	54	54		
I purchase daily essential goods looking at the brand name of the products	Strongly Disagree	2	2	3.55	0.9468
	Disagree	7	7		
	Neutral	44	44		
	Agree	28	28		

	Strongly Agree	19	19		
I purchase daily essential goods looking at the <i>halal logo</i> of the products	Strongly Disagree	1	1	4.86	0.5129
	Disagree	0	0		
	Neutral	1	1		
	Agree	8	8		
	Strongly Agree	90	90		
I purchase daily essential goods looking at the goods produced by Muslim supplier	Strongly Disagree	1	1	4.09	0.8420
	Disagree	0	0		
	Neutral	25	25		
	Agree	37	37		
	Strongly Agree	37	37		

The results from the Likert scale questionnaires on the leading factors for consuming essential goods by the respondents are having the highest mean of 4.86 for halal logo. This indicate that the majority 90% of the respondents sure and preferred goods with halal logo. This is in line with the study done by (Othman et al., 2006). The second leading factor in consumer choice of essential goods is factor of price with mean of 4.53. About 60% of the respondents strongly agree added with 34% who agree that price of the goods is the factor for the respondents to purchase goods. This is in line with the theory of demand which stated that price have negative relationship with products demand. The lower the price of any goods, the higher the demand for those goods (Perloff & Brander, 2018).

So where is the position for choosing BMF goods? If we were to look at the factors, among price, halal logo, quality, brand, and producers of the goods, with the mean of 4.09, choice of BMF goods come after halal logo, pricing, and quality of goods. About 74% of the respondents agree and strongly agree that they will purchase BMF goods. Yet this factor only come after considering the three other important factors. Thus, it is hard to say that BMF is a major factor for consumer choice of purchase decision. Apart from that, we could see that brand name, or products label is the least considered factor in consumer choice of essential goods. Having a Likert scale questions might put the respondents in either to agree or strongly agree; to disagree or strongly disagree. Therefore, we add up the yes and no questions to get a clear understanding of consumer preference on choice of essential goods purchased. The following Table 3 describes the summary of the consumer preference towards BMF goods.

Table 3
Preferences towards BMF (Buy Muslim First) Products

Items	Y/N	Frequency	Percentage
I totally support the BMF campaign	YES	93	93
	NO	6	6
I will purchase goods produced by a Muslim supplier	YES	99	99
	NO	1	1
	YES	25	25

I will not purchase goods produced by non-Muslim even though the goods have <i>halal logo</i>	NO	75	75
Between BMF and non-BMF goods, I will opt for the goods with the cheapest price	YES	64	64
	NO	36	36
I will always opt for BMF goods even though it is expensive	YES	49	49
	NO	51	51
The income factor is the reason I will prioritize the price of goods rather than its supplier	YES	75	75
	NO	25	25
I will only purchase goods with JAKIM halal logo	YES	85	85
	NO	15	15

In these yes or no questions, respondents need to be firm and precise in their selection of answer. Thus, a clear choice of preference could be seen. When asked whether they support BMF campaign or not, 93% of the respondents say yes. This indicates that the BMF campaign is not deniable as something good especially for the Muslim consumer as it promises the permissibility of the goods produced and the goods is produced by Muslim producers who should not have any *syubhah* issue. Adding to that 99% of the respondents agree that they will purchase BMF goods.

Yet, the data is still precise as the result from Table 2 where if given choice, factors of pricing will lead the consumers rational decision making. Table 3 indicates that when being asked about the pricing, 64% of the respondents will opt for goods with cheapest pricing. For example, in choosing between soy sauce product produced by Muslims as contrast with the one produce by non-Muslim owner (but having halal logo), consumers will always opt for the goods with lower pricing. In addition, the following questions on the expensiveness of the products, 51% of the respondents do not want to purchase goods that is expensive. Considering this, 75% of the respondents agree that their level of income is a constraint in choosing goods based on the products pricing scheme. This is also in line with the theory of microeconomics where income is the constraint in consumers' preference for goods and services.

Conclusion

As a conclusion, BMF campaign is one of the initiatives taken by Muslim Non-Governmental Organizations (NGOs) in Malaysia to support the economy of the majority Muslim in Malaysia which constitutes large portion of the society. Apart from the BMF campaign, out there exist many other types of what we call as the religious brands goods and services such as the Islamic brand goods – that focus on Muslim owners, halal goods and shariah-compliant services and the non-alcohol-based promotion. Next, marketing also used the kosher brand which interestingly not only received demand for the Jewish, but also non-Jewish consumers (Alserhan, 2010). There also exist some race-based products and many more. Therefore, BMF should not be an issue as it could only be considered as another one of the entrances to the competitive market where demand and supply will decide on the sustainability of the campaign.

The study is conducted to analyse the factors that led to higher level of pricing for BMF goods and to study the customers preference on choice of good. This study found out that, the cost of raw materials is one of the major factors lead to higher level of pricing for BMF goods. Apart from that, there is no clear accounting procedure to recognize the real operating

expenses and average cost of the production for the BMF products owners. The respondents receive is that profit constitute 50% from the operational cost which is based on a rough estimation. Plus, it is expected that the average cost for the BMF products owners is higher due to the micro scale of the businesses, low level of output produced due to raw materials and labour constraints. Indirectly this will affect pricing of the BMF goods as compared to the ready and established brand without specific BMF tagging on it.

The second objective is to study the preference on choice of goods whether consumer will opt for BMF goods or not. This study found out that 99% of the respondent willing to purchase BMF goods. Given the fact that pricing will always come first before BMF goods. Meaning to say, if there is a need to choose between BMF goods but its pricey, consumer will let go the BMF products and choose a cheaper product. Thus, there is a need for the BMF goods to revise its pricing policy to ensure it could compete with the current available products. However, it could not be denied that BMF goods have its own market segmentation where, people who always in favour of BMF goods will for sure restock their essential goods from the BMF suppliers.

Business owners and BMF products owners especially should use the advancement of the technology and create content to promote their businesses online through the social media platform. Not only it could create easiest and fastest marketing, but it is also least cost marketing for the BMF campaign supporters. While acknowledging that consumers will prefer halal logo products more than BMF products (result from Table 2); it is best if most of the BMF products owner could apply for halal certification from the authorized body such as JAKIM. Halal products marketing have better market prospects (Power and Abdullah, 2009) as compared to BMF products.

Finally, economic theory stated that consumers will always consider their income and budget line in making preferences and consumption decision. Muslim consumer behaviour is also similar in a sense that they have religious factor to consider in their decision making. Consumption which brings spiritual betterment will always in favour as compared to the one which is purely materialistic in nature. Thus, capturing the power of halal elements, and BMF products as an added value in decision choice, BMF business owners now should only considers their pricing option for their products to be selected within the consumers basket of essential goods. BMF campaign is in line with the objective (maqasid) of the shariah (Mustaffa, 2019), especially in the safeguarding of the property (*hifzul mal*). Muslim represents majority of the population composition in Malaysia, which indirectly empowerment of Muslim economy could lead to economic empowerment of Malaysia.

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