

CHAPTER I INTRODUCTION

1.0 Introduction

Since the last decade, especially, starting from event of September 11, the whole world has been reluctantly witnessing the bloody conflicts. The topic about religion has received increasing attention. It has raised the arguments, discussions, and angers towards Islam. Western media has taken immediate action by airing bias, generalized news without understanding what real Islam is about. Forcing one's belief to other people who belong to different religion, culture has created the problems and deepened the clashes. Studying different culture and religion not only answers questions about the unnecessary "big events", but also helps to get better understanding about the people around us.

Religion has significant influence on individuals' values, beliefs, habits (Delener, 1990; Fam, et al., 2004), also has strong impact on individuals' cognitive thinking and decision-making (Delener, 1994). On the other hand, Stark and Glock (1968) cited that "the heart of religion is commitment". It is the religiosity more specifically religiousness that determines how much the religion can play its significant role.

Islam is the second largest religion in the world. One of the main characteristics of Islam is to emphasize practice over belief; therefore, it is not only a religion but also a complete way of life (Ruff, 1998). Islamic law is guidance for Muslims' life; it has been the most important concern of the followers of Islam. In Islam, both individual and

society live as a whole, Muslims are required to obey the law from eating, dressing to doing business, regardless of wherever they are, no difference between the spiritual and the secular in life. The practices, such as praying five times a day, fasting during Ramadan, doing charity, and so on, make Islam more visible, more a daily religion comparing to others (El-Amin, 1991; Carolan, et al., 2000). Its influence on business is even more obvious because of the strict, specified law and regulations. This study examines the effect of Islamic religiosity on consumer behavior.

1.1 Motivation and Contribution of the Study

Earlier studies about religiosity role on business had been conducted mainly on Christianity and Judaism; recently, Islamic marketing has attracted growing attention of both business and academic world. Islam is the religion of more than one billion population of the world and it has been spreading in different ways. In about 20 years, the Muslim population is expected to reach a third of the world's population, and nearly two thirds of the number will be under 18 years (Quelch, 2001). In business point of view, it is very attractive market segmentation. However, Muslims are not homogeneous market. The market requires more studies to explore its needs. Therefore, this research is started with the motivation to contribute to Islamic Marketing studies to provide an understanding of the influence of Islam on consumer behavior.

Malaysia has been the best choice for tourists from all around the world with strong government support, relatively secure and stable political situation. After the September 11, the western countries have tightened their border security regulations for Muslims

because of the damaged image of Islam. The global phenomena have brought numbers of Muslim tourists to Muslim countries, like Malaysia (Gee, 2002; Timothy & Iverson, 2006; Hashim, et al., 2007).

Responding to the Muslim tourists' attention, Malaysia has started "Muslim-friendly" tourism (Timothy & Iverson, 2006). The ambition to be a major hub for international Islamic finance has played significant role to attract Muslim tourists. In 2003, The Islamic Financial Services Board (IFSB) started to serve as an international standard-setting body based in Kuala Lumpur; in 2006, the Malaysia International Islamic Financial Centre (MIFC) was launched. In 2010, Kuala Lumpur Islamic Finance Forum (KLIFF) has run for its 7th time gathering and, in the same year, the second Global Islamic Finance Forum (GIFF) was held in Kuala Lumpur.

Meanwhile, Malaysia's popularity as an international meeting place is making contribution to increase the Muslim tourists. Malaysia offers a range of tourism options from MICE (meetings, incentives, conferences and exhibitions), such as, MIHAS (Malaysia International Halal Showcase), MIFB (Malaysia International Food and Beverage Trade Fair), MIFF (Malaysian International Furniture Fair).

As a result of these efforts, Malaysia ranked in the third place in International Tourist Arrivals among the 53 Commonwealth countries in 2005 (Malaysia among top three in tourist arrival, 2005). In 2009, Malaysia entered "The Top 10 Tourism Destination" by ranking ninth in the world and second in the Asia (UNWTO World Tourism Barometer, 2010). In November 2009, Tourism Malaysia reported that the

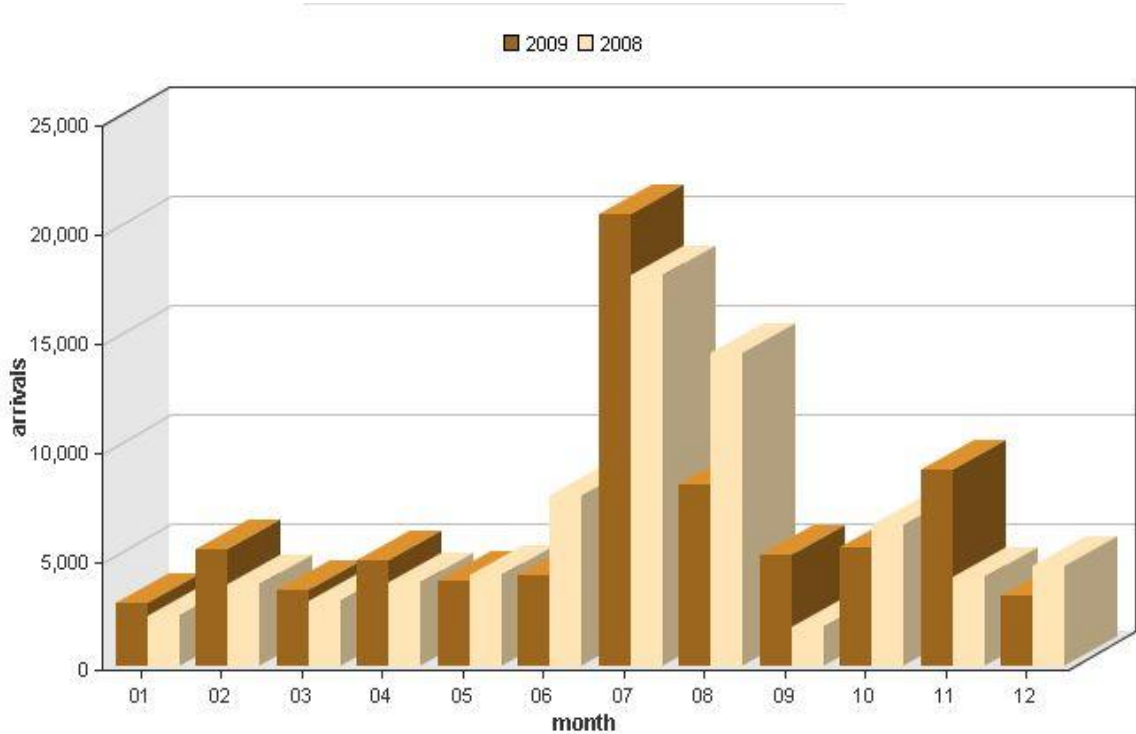
number of arrivals from Saudi Arabia, UAE, Iran increased respectively 119.5%, 80.3% and 47.4% compare to the same time in 2008. It is also mentioned that visitors from the Middle East stay twice longer than tourists from other parts of the world and spend nearly three-times more money. These positive growths indicate that Malaysia has great potential to be a leader in the world tourism market for Muslim.

Table 1.1 International Tourist Arrivals by Country Destination

		Full year								
Series		2000	2005	2006	2007	2008	2009*	08/07	09*/08	
		(million)						(%)		
World		<i>682</i>	<i>802</i>	<i>846</i>	<i>901</i>	<i>919</i>	<i>880</i>	<i>2.0</i>	<i>-4.2</i>	
1	France	TF	77.2	75.0	77.9	80.9	79.2	74.2	-2.0	-6.3
2	United States	TF	51.2	49.2	51.0	56.0	57.9	54.9	3.5	-5.3
3	Spain	TF	46.4	55.9	58.0	58.7	57.2	52.2	-2.5	-8.7
4	China	TF	31.2	46.8	49.9	54.7	53.0	50.9	-3.1	-4.1
5	Italy	TF	41.2	36.5	41.1	43.7	42.7	43.2	-2.1	1.2
6	United Kingdom	TF	23.2	28.0	30.7	30.9	30.1	28.0	-2.4	-7.0
7	Turkey	TF	9.6	20.3	18.9	22.2	25.0	25.5	12.3	2.0
8	Germany	TCE	19.0	21.5	23.6	24.4	24.9	24.2	1.9	-2.7
9	Malaysia	TF	10.2	16.4	17.5	21.0	22.1	23.6	5.1	7.2
10	Mexico	TF	20.6	21.9	21.4	21.4	22.6	21.5	5.9	-5.2
11	Austria	TCE	18.0	20.0	20.3	20.8	21.9	21.4	5.6	-2.6
12	Ukraine	TF	6.4	17.6	18.9	23.1	25.4	20.7	9.8	-18.3
13	Russian Federation	TF	19.2	19.9	20.1	20.6	21.6	19.4	4.7	-10.0
14	Hong Kong (China)	TF	8.8	14.8	15.8	17.2	17.3	16.9	1.0	-2.3
15	Canada	TF	19.6	18.8	18.3	17.9	17.1	15.8	-4.4	-8.0
16	Greece	TF	13.1	14.8	16.0	16.2	15.9	14.9	-1.4	-6.4
17	Thailand	TF	9.6	11.6	13.8	14.5	14.6	14.1	0.8	-3.0
18	Portugal	TF	12.1	10.6	11.3	12.3
19	Egypt	TF	5.1	8.2	8.6	10.6	12.3	11.9	15.9	-3.1
20	Poland	TF	17.4	15.2	15.7	15.0	13.0	11.9	-13.5	-8.3

Source: (UNWTO World Tourism Barometer, 2010)

Chart 1.1 Tourist Arrivals from Saudi Arabia



Source: (Toursim Malaysia, 2009)

In order to succeed, it is important for marketers to understand their target market and how their customers evaluate products and make buying decisions. Knowing customer behavior according to their individuality helps to shorten the distance from service provider to consumer, increases benefit from the market. Considering Malaysia, as a country of tourism, with 60.4 % of Muslim population (The World Factbook, 2011), and growing Muslim tourists, understanding consumers' religious background and its influences on their hotel-selection is very essential comparing to other countries. This study may help to enhance policy makers' knowledge about tourism and hospitality industry, as well as, contribute to attract more Muslims by increasing tourists' satisfaction.

1.2 Research Objectives

Examining effect of Islamic religiosity on consumer behavior is the main concern of this study. The study focuses on hotel selection behavior of consumers as an example of consumer behavior. The specific objectives to carry out this study are:

- 1) To investigate the relationship between religiosity and hotel selection behavior of Muslim travelers.
- 2) To examine differences between highly religious and less religious customers' hotel selection behavior.

1.3 Research Questions

To support the objectives, the study is intended to answer research questions as cited below:

- 1) Is there any relationship between Muslim traveler's religiosity and their hotel selection behavior?
- 2) Is there any difference between highly religious and less religious customers' hotel selection behavior?

1.4 Scope of the Study

Consumer behavior is very complex, it includes activities from "obtaining, using" to "disposing of economic goods and services" (Engel, et al., 1986). Thus, consumer

behavior studies involved from the point of a need for the product or service arouse to disposing them. However, scope of this study is only covered limited areas.

- 1) This study concentrates in the effect of Islamic religiosity, other religions are not considered.
- 2) The study only looks into the Muslim consumer's hotel selection behavior to narrow down the topic of consumer behavior.
- 3) The study focuses on the intention of hotel selection among Muslim travelers; actual purchase behavior of the consumer is not considered.
- 4) The study is conducted only in the area of Klang Valley of Malaysia.

1.5 Organization of the Chapters

This research is divided into five chapters. The chapters are organized as following:

Chapter I: Introduction

In the introduction chapter, a general overview is provided to describe the research process based on motivation that started this research, significance to carry out the study, objectives, research questions, and scope of the study.

Chapter II: Literature Review

In this chapter, the relevant studies done by the past and present scholars are summarized in terms of consumer behavior, religion and religiosity. It

follows by the description on the relationship between consumer behavior and religion, as well as, Islamic consumption. The last section presents studies on hotel attributes and religious needs of travelers.

Chapter III: Research Methodology

Research methodology chapter explains the types and sources of the data collected for this study, variables, research framework and hypotheses, sampling design, data collection procedures, research instrument, as well as, data analysis techniques.

Chapter IV: Data Analysis and Findings

In this chapter, data analysis is conducted by using SPSS software version 16, and the result of analysis including hypotheses testing is provided.

Chapter V: Discussion and Conclusion

The chapter summarizes the research key findings; specially, it outlines the role of different hotel attributes in attracting Muslim customers. Finally, the chapter concludes the study with the implications, limitations of the study, as well as, suggestions for the possible area in future research.