Halal Label Perception Towards Purchase Decision of Imported Processed Food Products for Muslim Gen Z

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Abstract:
Nowadays, imported processed food products are increasingly distributed in Indonesia, however not all of them have been halal labelled. Due to this condition, Muslim consumers need to increase selectivity in buying imported processed food products which guaranteed the halal status and suitable for consumption. This study aims to analyze the effect of religiosity, reference group, income, lifestyle, and perceptions of halal labels on purchasing decision of imported processed food products in 100 respondents of Generation Z Muslim who lived at Bogor Regency. This study used descriptive analysis method and data was analyzed using Structural Equation Modeling-Partial Least Square (SEM-PLS). The results of this study indicate that the reference group, income, lifestyle, and perception of the halal label had a positive and significant effect on purchasing decision of imported processed foods.

menunjukkan bahwa kelompok acuan, pendapatan, gaya hidup, dan persepsi label halal berpengaruh positif dan signifikan terhadap keputusan pembelian makanan olahan impor.

Kata kunci: persepsi label halal, keputusan pembelian, makanan olahan impor, muslim gen z

INTRODUCTION

Indonesia is a country with the largest Muslim population, which is 229 million people. Along with the increasing number of Indonesian population every year, the consumption of Indonesian people also increases. Indonesia still has to import from abroad to meet the demand for consumption of goods and services in order to create stability in economic activities in terms of production, consumption, and distribution\(^1\).

In the Qur'an, all aspects of life have been regulated, including consumption. Based on Surah Al-Baqarah verse 168 that Allah commands humans to eat halal and good food (thoyyib). Therefore, to ensure the halalness of products circulation in Indonesia and as a form of attention and protection for the public, the government issued Law Number 33 of 2014 concerning Halal Product Guarantee (UU JPH). The JPH Law is a legal certainty regarding the halalness of products which is marked with a halal certificate. In the JPH Law, producers are required to include a halal label on the packaging of domestic products or foreign products\(^2\).

Imported food products are now increasingly circulating in Indonesia and have become part of the community, one of which is imported processed food products. Based on BPS data, the trend of imports of processed household foods and beverages in 2016-2020 was 2.34% with the import value in 2020 reaching 3,047.3 million USD. The circulation of various types of food makes Muslim consumers need to increase their selectivity in buying products that are suitable for consumption.

Processed food products are categorized into the syubhat group (containing element of ambiguity), especially if the processed food product is an imported food product where the product comes from country where the population is predominantly non-Muslim, even though the raw materials are halal products. Halal is not only in substance, but also halal in the process and obtain it too\(^3\).

In imported food products, not all products have received a halal label even though the presence of a halal label makes consumers more confident in ensuring the halalness of

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\(^2\) Undang-Undang Republik Indonesia Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal, 2014.

\(^3\) Lukmanul Hakim, *Sertifikasi Halal MUI Sebagai Upaya Jaminan Produk Halal*, 1st edn (Jakarta: Majelis Ulama Indonesia, 2009).
the product. There are still imported food products circulating illegally in Indonesia, so that the safety and halalness of these illegally imported products is still questionable. Seeing that there are still illegal imported food products, Muslim consumers need to pay more attention to the halalness of imported processed food products.

One area that needs a high level of attention to halalness of products is Bogor Regency. Bogor Regency is the area with the largest population in West Java with a total population of 5,427,068 people or 11.24% of the total population of West Java and the majority of the population is Muslim with a total population of 4,867,370. Meanwhile, Bogor Regency is also dominated by residents with an age range of 21-24 years with a total population of 493,535.

Based on the number of residents in Bogor Regency, it shows that the population of Bogor Regency is dominated by Generation Z. Generation Z consumers are impulsive, depending on the brand, perfectionists, but emphasize affordable prices.

Seeing the large population in Bogor Regency, making Bogor Regency has considerable potential and opportunities for food products. Based on BPS data Bogor Regency has import value of 188.7 billion in 2019. This proves that Bogor Regency has a fairly high import value.

With the large number of Generation Z and the high value of import products in Bogor Regency, as well as the threat of imported processed food products being consumed as illegal products, consumers, especially Muslim Z generation consumers in Bogor Regency, need to be more selective in making purchasing decision for imported processed foods. Therefore, the behavior of consumers of generation Z Muslims in Bogor Regency towards purchasing decision of imported processed foods needs more attention. Consumer behavior patterns in consuming certain imported processed food products are influenced by knowledge and understanding of the halalness of imported processed food products.

By knowing the pattern of consumer behavior, it will also be known what things influence consumer purchasing decision. A consumer's purchase decision is influenced by the behavior of the consumer itself. Consumer behavior are influenced by various factors, namely cultural factors, social factors, personal factors, and psychological factors. Each of these factors has a subfactor as its constituent component. Perception of halal label is a part of consumer

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perception and plays an important role in reflecting psychological factors 7.

The purpose of this study is to analyze the factors that influence the decision to purchase imported processed food products and analyze the effect of the halal label on the decision to buy imported processed food products. This research is expected to be one of the considerations for producers, especially importers of imported processed foods to accelerate the provision of halal guarantees in the form of halal certification and halal labels and encourage consumers to prioritize halal products, especially imported processed foods. Thus, this can be an effort to create an integrated and sustainable halal ecosystem.

Previous research that discusses consumer purchasing decision for halal products Nurhasanah et al. (2018) which examines the factors that influence the interest in buying halal processed food products 8, Mujiono and Puspitasari (2018) regarding the effect of halal labels, income, and product prices on consumer preferences in purchasing decision of imported food products 9, and Nurrahmi and Setiawan (2020) regarding the influence of religiosity, trust, and satisfaction on the decision to repurchase halal products 10.

In contrast to previous studies, this study analyzes consumer purchasing decision, especially Generation Z in Bogor Regency with the method of analysis, namely Structural Equation Modeling-Partial Least Square (SEM-PLS). The variables used are religiosity, reference group, income, lifestyle, and perception of the halal label.

Literature Review

According to Law Number 33 of 2014, halal products are products that have been declared halal in accordance with Islamic law. Products that do not contain haram elements in the manufacturing process, whether sourced from raw or main materials, additional materials, other auxiliary materials as well as production materials used in processing and which processing

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7 Philip Kotler, Manajemen Pemasaran Edisi Milenium, 1st edn (Jakarta: Prenhallindo, 2002).
is carried out according to the rules of Islamic law.\textsuperscript{11}

Halal certificate is an acknowledgment and confirmation of whether a product is halal or not. Halal certificate is issued and granted by the Halal Product Assurance Organizing Agency (BPJPH) on the basis of a written halal fatwa from the Indonesian Ulema Council (MUI).

According to the JPH Law Article 25 Paragraph a, business actors who have obtained halal certificate are required to attach a halal label to products that have obtained a halal certificate. Halal label is a sign or proof of the halalness of products that written halal in Arabic letters, other letters, and a code as a guarantee for halal products from the minister given based on halal inspection.\textsuperscript{12}

Purchase decision is a consumer’s determination of several alternative options when buying a product. The stages of purchasing decision are started from problem recognition, information searching, evaluation of alternatives, purchase decision, then post-purchase behavior\textsuperscript{13}.

In Islam, consumer behavior must represent its relationship with Allah SWT. That way, consumers will worship as Allah Almighty limits them by not buying haram products, not being greedy, and not being stingy\textsuperscript{14}.

METHODS

This study uses primary and secondary data types. Primary data is sourced from filling out the questionnaire. The secondary data is sourced from various references such as previous research, the Central Statistics Agency (BPS), journals, books, internet, and other supporting sources that are related to the research.

The population in this study is the population of generation Z in Bogor Regency with sampling using a purposive side technique with the following respondent criteria:

1. Respondents are residents of Bogor Regency
2. Respondents were born in 1997-2012
3. Respondents are Muslim
4. Respondents have bought imported processed food products

The total population of Generation Z in Bogor Regency is 1,427,210 people\textsuperscript{15}. Sampling was carried out using the Slovin formula at a real level of 10\% (e). The number of respondents in this study was 100 respondents, obtained through population data based on the calculation of the Slovin formula.

\textsuperscript{11} Undang-Undang Republik Indonesia Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal.
\textsuperscript{12} Ian Alfian and Muslim Marpaung, ‘Analisis Pengaruh Label Halal, Brand Dan Harga Terhadap Keputusan Pembelian Di Kota Medan’, Jurnal At-Tawassuth, 2.1 (2017), 122–45
\texttt{<https://doi.org/http://dx.doi.org/10.30821/ajei.v21i777>}
\textsuperscript{13} Philip Kotler and Kevin Lane Keller, Manajemen Pemasaran Jilid I (Jakarta: Erlangga, 2009).
\textsuperscript{14} Muhammad Muflih, Perilaku Konsumen Dalam Perspektif Ilmu Ekonomi Islam (Jakarta: RajaGrafindo Persada, 2006).
\textsuperscript{15} BPS, Provinsi Jawa Barat Dalam Angka 2021.
This study uses data analysis with qualitative and quantitative approaches. Qualitative approach was used for descriptive analysis of research respondents. Quantitative approach was used for analysis using the Structural Equation Modeling-Partial Least Square (SEM-PLS) method. Unlike factor analysis and multiple regression, SEM can test both the measurement model and the structural model at the same time, so that it can perform factor analysis and assess measurement error along with checking hypotheses. SEM-PLS aims to analyze the relationship between latent variables and latent variables with their indicators.

SEM analysis using SmartPLS was carried out with two tests, namely the measurement model (outer model) and structural model (inner model). The outer model is used to measure the value of the validity and reliability of model which includes convergent validity, discriminant validity and composite reliability. The Inner model is a structural model is aimed to know the causal relationship between latent variables.

This study uses six variables, namely religiosity, reference group, income, lifestyle, perception of the halal label, and purchasing decision. Each of all latent variables has a reflective indicator to describe the variable.

RESULT AND DISCUSSION
Measurement Model Analysis (Outer model)

Analysis of the measurement model (outer model) on the reflective model is used to determine the validity and reliability of the model and evaluate whether the measuring instrument is feasible or not to be used as a measurement. Several stages of the assessment include convergent validity, discriminant validity, and composite reliability.

a. Convergent validity

Convergent validity serves to assess the extent to which indicators can explain latent variables. The higher the convergent validity value, the higher the indicator capability in explaining latent variables. The following is the initial model of this research analysis:

![Initial model loading factor value](image)

### Figure 1 Initial model loading factor value

To get a valid model, the loading factor value that have value <0.5 must be removed and recalculated sequentially from the smallest loading factor value. The

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data shows that there are two indicators that do not meet the criteria with a loading factor of <0.5, so they must be eliminated from the SEM model. The indicator comes from the latent variable of religiosity (RG), namely RG5 with a loading factor of 0.444 and RG7 with a loading factor of 0.315. The following is the loading factor model for the final measurement after elimination.

![Figure 2 Final model loading factor value](image)

b. Discriminant validity

Discriminant validity or validity test shows the correlation between the indicators of each indicator variable with other variables. This test is seen from the results of cross loading. If the cross loading value of each indicator group is greater than the measured latent variable, then the indicator group is declared to fulfill the test. Based on the results of the analysis, the cross loading value on all indicators is in accordance with the provisions of the discriminant validity value.

c. Composite reliability

The construct reliability test of the model is used to show the accuracy and consistency of the instrument when measuring the construct. The test of construct reliability is measured by composite. If the composite reliability value is > 0.7, then the construct is declared reliable. Based on table 2, all variables have composite reliability value and Cronbach's alpha > 0.7. This means that all the latent variables are reliable.

### Table 2 Composite reliability value

<table>
<thead>
<tr>
<th>Latent Variables</th>
<th>Construct reliability</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religiosity</td>
<td>0.836</td>
<td>0.844</td>
</tr>
<tr>
<td>Reference Group</td>
<td>0.834</td>
<td>0.761</td>
</tr>
<tr>
<td>Income</td>
<td>0.833</td>
<td>0.756</td>
</tr>
<tr>
<td>Lifestyle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Halal Label Perception</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchasing Decision</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Ghozali (2014) states that the inner model explains the relationship between latent variables on the basis of substantive theory. The model test is carried out by observing the bootstrapping value at the SmartPLS output. The value of R-square (R2) is useful in seeing the overall effect of exogenous latent variables on endogenous latent variables.

a. R-square

The value of R-square (R2) is used in assessing how much the exogenous latent variables affect the endogenous latent variables. Table 3 shows the R-square value for the purchasing decision variable.

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing decision</td>
<td>0.423</td>
</tr>
</tbody>
</table>

The variables of Religiosity (RG), Reference Group (KA), Income (PD), Lifestyle (GH), and Perception of Halal Label (LH) were able to explain their influence on Purchase Decision (KP) by 42.3%. The effect of the remaining 57.7% is influenced by other variables outside this research model. The value of 0.423 indicates that the structural model of this study belongs to the type of moderate structure model because it has value > 0.33.

b. Path coefficient

The path coefficient test aims to explain the real level when testing the hypothesis by looking at the comparison value between t-table and t-statistics. From the data analysis, to get the path coefficient value, namely T-statistic, bootstrapping is carried out, the results are shown in Figure 3.

![Figure 3 Bootstrapping output model](image)

The T-statistics value shows the significance that the model can be used to see the effect of the hypothesis from each path of the relationship between exogenous and endogenous variables, the original sample value indicates the relationship (positive or negative) between the latent variables. An exogenous latent variable can be said to have an influence on the endogenous latent variable if the value of t-statistics > t-table. Based on $\alpha = 5\%$, then the t-table is 1.96. The hypothesis is accepted if the t-
statistic value is > 1.96. As for the p-value, the hypothesis is accepted if the p-value < 0.05.

Based on the results of the SEM-PLS, it can be proven that there are four attributes that have a significant positive effect on purchasing decision, including reference group variables, income, lifestyle, and perception of the halal label. The religiosity variable has a positive but not significant effect on purchasing decision.

**Table 4:** Path coefficient result

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Original sample</th>
<th>T-stat</th>
<th>P-value</th>
<th>Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religiosity</td>
<td>0.016</td>
<td>0.277</td>
<td>0.782</td>
<td>Not significant</td>
</tr>
<tr>
<td>Reference Group</td>
<td>0.236</td>
<td>2.699</td>
<td>0.007</td>
<td>Significant</td>
</tr>
<tr>
<td>Income</td>
<td>0.247</td>
<td>3.544</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>0.267</td>
<td>2.705</td>
<td>0.007</td>
<td>Significant</td>
</tr>
<tr>
<td>Halal Label Perception</td>
<td>0.242</td>
<td>3.175</td>
<td>0.002</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The Effect of Religiosity on Purchasing Decisions

Based on the path coefficient value as presented in Table 4, it can be explained that the religiosity variable influences positively but not significantly on the decision to purchase imported processed foods. This is indicated by the original sample value of 0.016, which means the relationship between religiosity and purchasing decision is positive. However, the t-statistic value is 0.277, the value is lower than the required 1.96 (t-statistic > 1.96). The p-values are 0.782, meaning that it has higher value than the required value of 0.05 (p-value < 0.05), so that the influence of the religiosity variable on purchasing decision is not significant. Increasing religiosity will increase the decision to purchase imported processed food but it is not significant, which is 0.016.

The results of this study are in accordance with the results of Sarah and Artanti’s (2020) research which states that religiosity has no significant effect on purchasing decision for Muslim Rabbani clothing.20 Respondents in this study shared very good assumptions about Islamic religious beliefs. This indicates that although it has a good level of religiosity, it has no effect on consumer purchasing decision. This is because the aspect of religiosity does not only concern aspects of the obligation to consume halal food, but there are several other dimensions of religiosity so that the influence on purchasing decisions is not too large.

The Effect of Reference Group on Purchasing Decision

Based on the path coefficient test as presented in Table 4, it can be explained that the reference group has a positive and significant influence on purchasing decision for imported processed foods. This is explained by the positive original

sample value of 0.236, the p-values of 0.007 (p-value < 0.05), and the t-statistical value of 2.699 (t-statistics > 1.96). The more the reference group increases, the decision to purchase imported processed food will significantly increases, which is 0.236.

The results of this study are the same as the results of research by Anoraga and Iriani (2014) which say that the reference group has a significant positive influence on purchasing decision. Advertising marketing in the media often uses influential people as a reference group. The reference groups are artists, experts, the general public, executives or company employees, and trade spokes-characters.

The Effect of Income on Purchasing Decision

Based on the path coefficient test as presented in Table 4, it can be explained that income has a significant positive influence on purchasing decision for imported processed foods. This is explained by the positive original sample value of 0.247, the p-values of 0.007 (p-value < 0.05), and the t-statistical value of 3.544 (t-statistics > 1.96). The more income increases, the decision to purchase imported processed food will significantly increases, which is 0.247.

The results of this study are in accordance with the results of research by Mujiono and Puspitasari (2018) which say that income has a significant positive influence on purchasing decision for imported food products. Income is an important matter because purchasing decision are related to individual expenses. With the increase in consumer income, it becomes possible for consumers to buy more food, including buying imported processed food products.

The Effect of Lifestyle on Purchasing Decision

The results of the path coefficient as presented in Table 4 can explain that lifestyle variables have a positive and significant influence, indicated by the original sample value of 0.267, p-values of 0.007 (p-value < 0.05), and the t-statistical value of 2.705 (t-statistic > 1.96). The more the lifestyle increases, the decision to purchase imported processed food significantly increases, which is 0.267.

The results of this study are in accordance with research by Anoraga and Iriani (2014) which explains that lifestyle influences local cosmetic purchasing decision. Lifestyle has influence on individual behavior to finally ensure individual consumption patterns. Consumers

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23 Mujiono and Puspitasari.
24 Anoraga and Iriani.
are motivated to purchase products in order to maintain or pursue a certain lifestyle.

The Effect of Halal Label Perception on Purchasing Decision

The results of the path coefficient as presented in Table 4 can be explained that the halal label perception variable has a significant positive influence which is explained by the positive original sample value of 0.242, p-values of 0.002 (p-value <0.05), and t-statistics of 3.175 (t-statistic > 1.96). As the perception of halal label increases, the decision to purchase imported processed food will also increase by 0.242.

The results of this study are in accordance with research by Mujiono and Puspitasari (2018) and Yunitasari and Anwar (2019) which explain that halal labels significantly influence purchasing decisions for imported food products.25 It is very important to pay attention to the label on a product packaging. Consuming halal food is a form of belief and obligation for every Muslim. Halal labels on products guarantee halalness, so consumers will feel calm and safe to consume products.

CONCLUSION

Based on the results of research and discussion in the previous chapter, the conclusions of this study can be explained as follows:

The variables of reference group, income, and lifestyle have positive and significant influence on the decision to purchase imported processed foods. The religiosity variable has positive influence but not significant on the decision to purchase imported processed foods.

Halal label perception has positive and significant influence on purchasing decision of imported processed foods. This indicates that the increasing perception of halal labels will increase the purchasing decision of consumers of generation Z Muslim Bogor Regency towards imported processed foods.

Given that imported processed foods have become part of society, producers or importers of imported processed foods must pay more attention to several aspects, namely aspects of reference group, income, and lifestyle in setting the right marketing strategy. Producers or importers can promote their products through influential parties such as influencers, create a policy on selling value objectively, and know the lifestyle of consumers so that they can develop the right strategy to expand market share.

In addition, producers or importers of imported processed foods should immediately provide halal guarantees for their products through the manufacture of halal certification and the inclusion of an official halal logo on their products. Halal certificates and labels on products will create consumer confidence so that it will affect sales volume.

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For imported processed food consumers, especially generation Z consumers, they should prioritize product *halalness* by looking at the halal label listed on the packaging of imported processed food products.

This study has limitations, that there are still independent variable that do not fully represent the dependent variable. For further researchers, they can add other variables to the model such as price level, brand image, and product quality.

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Undang-Undang Republik Indonesia Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal, 2014