The Effect of Halal Label, Halal Awarness, Product Price, and Brand Image to the Purchasing Decision on Cosmetic Products

(Case Study on Consumers of Sari Ayu Martha Tilaar in Binjai City)

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Abstract

The purpose research to determine the effection of halal label, realization, product price and respect on the trademark with decision of purchase cosmetic product for consument Sariayu Martha Tilaar in Binjai. The total of samples in this research are 100 respondents. This research uses a quantitative research. The method of data analysis was conducted using multiple linear regression analysis. The results showed that the variables simultaneously on the halal label , halal realization, product pricing, and respect for the trademark with the decision to purchase in Binjai get the effects to buy cosmestic Sariayu Martha Tilaar. The variabel of effection of halal label, realization halal, product price and respect on the trademark with decision of purchase cosmetic product for consument Sariayu Martha Tilaar in Binjai are individually not significant effect on purchasing decisions. While the price of individual products has positive influence on purchase decisions cosmetics Sariayu Martha Tilaar. The result of coefficient determination test indicates that the variable of halal label, realization, product price and respect on the trademark with decision of purchase cosmetic product by 15.8% (low), while the balance of 84.2% is influenced by other variables not examined in this research.

Keywords: Halal label, Halal awarness, Product price, Brand image, Purchasing decision

1. Introduction

The cosmetics are essential elements for daily life and have become a way of life, especially for women. The competition between companies producing cosmetics is currently very competitively. Examples of well-known cosmetics in Indonesia are Wardah, La Tulipe, Pixy, Sari Ayu Martha Tilaar, Mustika Ratu, PAC, etc. Make Over. The cosmetic consumption must comply with safety regulations of Government. For Muslim consumers, cosmetics should also be halal. Halal means allowed or permitted in Islam (Quran Surah Al-Baqarah 168-169). Halal cosmetics say if it does not contain ingredients that are not allowed such as alcohol or harmful chemicals, fat, placenta, or gelatin from pigs (animals not slaughtered according to the rules of Islam).

There is a institution that is specifically tasked to audit the products that are consumed by Muslims in Indonesia. This institution is the Body of Supervision and Distribution of Medicine and Food – the Indonesian Ulama Assembly (MUI LPPOM). This institute oversees product circulating in the community by providing halal certification on the product. Products that have had the certificate is able to provide halal label on its packaging. This means that these products have passed the process and its contents are inspected and free from elements that are prohibited by Islam. To that end, the cosmetics manufacturer vying to innovate by stating clearly halal label on each package in order to attract Muslim consuments in Indonesia.

The Consumers or Muslim entrepreneurs should have an awareness of the halal concept in a product. Good halal in terms of raw materials and processes. Halal consciousness is the level of knowledge held by Muslim consumers to find and consume halal products in accordance with Islamic law (Shaari & Arifin, 2010). According to a survey conducted by Kasih Dia Consulting, found that the level of realization among the Muslims halal cosmetics is still low (Kamaruzaman, 2008).

Not only from the legal perspective, other factors that can influence purchasing decisions is price. The price was one element of the marketing mix that produces revenue while others produce costs (Kotler & Keller, 2007). While Hasan (2008) argues that the price is the monetary cost of all forms are sacrificed by consumers to acquire, own, use a combination of items along with the service of a product. Prices for consumers have an important role in considering a purchase. Because, basically, every consumer has a different amount of revenue.

Brand image is a set of unique association to be created or maintained marketers, where in these associations actually stating what trademark and what is promised to consumers (Aaker, 2003). With a positive trademark, consumers will be interested in maintaining consumption. Consumers also should have a positive perception of the brand image itself.

Sariayu Martha Tilaar is a brand of cosmetics inspired by the local knowledge and natural resources of Indonesia, processed with modern knowledge and technology-based green science. Sariayu Martha Tilaar has been present in Indonesia since 1977, and in 2015 Sariayu Martha Tilaar obtain Halal Top Trademark Award in the category of cosmetics.

2. Theoretical Framework

2.1 The Concept of Halal

According to LPPOM MUI (The institution of Food, Medicine and Cosmetic Sepervision of Indonesian Ulama Assembly) means of the product halal is the object or activity that is permitted to be used or carried out in the Islamic religion. The couple of Halal is thayyib which means 'good'. A cosmetic product which is consumed not only lawful, but must tayyib.Thayyib (good) that is healthy in terms of quality, safety, hygiene, clean, and has been tested in a scientific aspects (Che & Mustafa, 2010).

Generally, Halal on industry presfektif is the product must be free of alcohol and pork and its derivatives, but it is wider and more complicated. While halal for cosmetic products that not only includes all the raw materials, but security issues and the production process (Hashim, 2013). Halal also include other aspects such as the manufacturing process, storage, packaging, and shipping must fully comply with the requirements of Shari'a compliant Islam (Hussin et al., 2013).

2.2 The Halal Label

Label is some information on the product packaging. In general, the minimum label must contain the name or trademark of products, raw materials, auxiliary materials composition, nutritional information, expiration date, product content, and legal information. (www.referensimakalah.com).

The Halal of label is one of the important points in this study. The halal of label is the inclusion of text or halal statement on the product packaging to indicate that the product in question existed as halal (Rangkuti, 2010). Halal label of a product can be included in a package if the product has been certified halal by the MUI LPPOM.

2.3 The Halal Awarness

Awarness is the ability to understand, feel, and become aware of an event and the object. Awarness is the concept of implies the understanding and perception of the event or subject (Aziz & Vui, 2013). Halal awareness in the industry perspective is awareness of consuming a

product that is free from alcohol and pork and its derivatives, but it is wider and more complicated. While halal awarness on cosmetic products which includes not only aware of the raw material, but security issues and the production process (Hashim, 2013).

Based on the above understanding can be concluded that the halal awarenss is an Islamic knowledge about the concept of halal process and assume that consume halal products is essential for themself.

2.4 The Product Price

According to Kotler and Armstrong (2007) the price is an amount of money charged for a product or service. Henry Simamora (2008) defines that the price is the amount of money charged or incurred on a product or service.

The price has a very important role in influencing consumer decisions to buy products, so as to determine the success of marketing a product. or the amount of value in exchange from consumers on the benefits for owning or using a product or service.

2.5 The Brand Image

Trademark according to Fandy (2007) is a description of the associations and consumer confidence to a particular brand. The image of the brand itself has a meaning to an imaging product consumer's mind in a missal. Everyone will have the same image of the brand. According to Kotler (2005) effective trademark that can reflect three things:

1) Build the character and give the value proposition of products.

2) Deliver the unique product characteristics are so different from its competitors.

3) Give the emotional power of rational powers.

2.6 The Purchasing Decision

The decission of purchase is one of the stages of the consumer buying process. Before discussing these stages and to provide an overview of the purchasing decision according to experts.

Suharno (2010) defines a purchasing decision is the stage where the buyer has determined his choice and to purchase products, as well as consume it. Decision-making by consumers to purchase a product preceded by their awareness of the needs and desires.

Consumer purchasing decisions can be influenced by various factors, in making purchasing decisions of consumers will seek any information that may influence the decision taken by a consumer. In accordance with the opinion of Kotler and Keller translated by Benyamin Molan (2007) states that: "the consumer purchase decision is a series of processes through which consumers decide what to purchase".

2.7 The Conceptual Framework

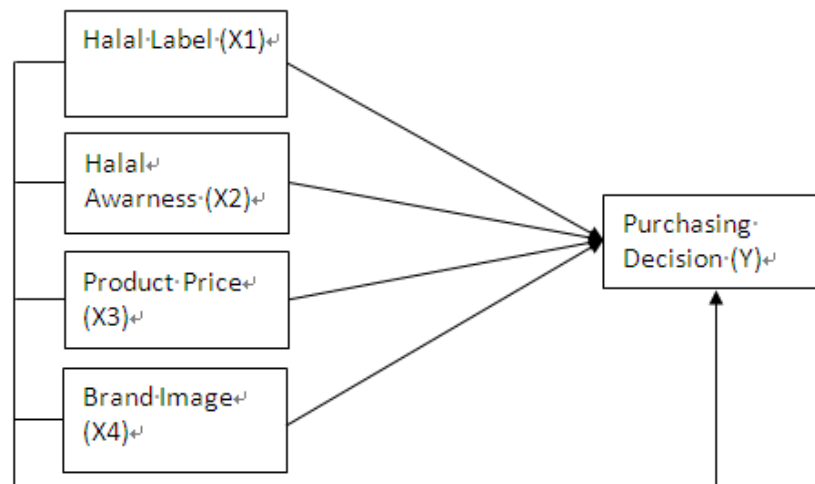The conceptual framework of this research can be seen in the figure below:

Figure 1. Conceptual frame work

Source: Processed by author (2017).

The hypothesis is as allegations of a relationship between two or more variables, Maholtra (2005). The hypothesis also can be defined as a temporary answer allegations of formulation of the problem. To steer this discussion the author makes the following hypotheses:

H1: The variables of halal label, halal awarness, product price, and brand image simultaneously have significant effect to the purchasing decision of Sariayu Martha Tilaar cosmetic products.

H2: The halal label variable individually has significant effect to the purchasing decision of Sariayu Martha Tilaar cosmetic products.

H3: The halal awarness variable individually has significant effect to the purchasing decision of Sariayu Martha Tilaar cosmetic products.

H4: The product price variable individually has significant effect to the purchasing decision of Sariayu Martha Tilaar cosmetic products.

H5: The brand image variable individually has significant effect to the purchasing decision of Sariayu Martha Tilaar cosmetic products.

3. Research Methods

3.1 Object and Location of the Research

In this research, the object of research is halal label, halal awarness, product price, brand image, and purchasing decision of Sariayu Martha Tilaar cosmetic products. The research location is in Binjai City, North Sumatra.

3.2 Method of Data Collection

The method of data collection used in this research is quantitative method. Data obtained through distributing questionnaires to the respondents. The sample in this research are 100 respondents.

3.3 Definition of Operational Variables

The variable of research is anything that becomes the object of research in which there are

differences (variation). The variables used in this research are as follows:

a) The Dependent Variable of Purchasing Decision (Y)

The dependent variable or dependent variable is the variable that is affected by the independent variable. In this study, the dependent variable is the purchase decision. The operational definition of purchasing decisions are:

1) Problem finding

2) Information searching

3) Evaluation on the alternatives

4) Purchasing decision

5) Post purchasing attitudes

b) The Independent Variable of Label Halal (X1)

The independent variable or independent variable are variables that can affect a change in the dependent variable and have a relationship that is positive or negative for the dependent variable later. In this research of its independent variable X1 is Halal label. Halal label is the inclusion of a statement in writing or halal on product packaging to indicate that the product in question existed as halal (Rangkuti, 2010).

1) Knowledge

2) Trust

3) Assessment on the halal label

c) The Independent Variable of Halal Awarness (X2)

The awarness of halal is the level of knowledge held by Muslim consumers to find and consume halal products in accordance with Islamic law (Shaari & Arifin, 2010).

1) Searching for the references about the halal concept.

2) Consuming the halal products.

3) Avoiding the non-halal products.

d) The Independent Variable of Product Price (X3)

Henry Simamora (2005) defines that the price is the amount of money charged or incurred on a product or service.

1) The price must be affordable to the purchasing power or the ability of consumers.

2) The price must be competitive with similar products.

3) Compliance between price and quality.

e) The Independent Variable of Brand Image (X4)

Trademark is a set of unique association to be created or maintained marketers, wherein these associations actually stating what brand and what is promised to consumers (Aaker, 2007).

1) User image

2) Professional impression

3) Modern impression

4) Popular

4. Method of Data Analysis

The Method of data analysis used in this research is multiple linear regression analysis. The regression equation model that can be obtained in this analysis are:

Y = α + ß1X1 + ß2X2 + ß3X3 + ß4X4 + e

Explaination:

Y = Purchasing Decision

A = Constant

ß = simple regression coefficient (Single Regression)

X1 = label of purchasing decision (Independent Variable)

X2 = realization of halal (independent variable)

X3 = Product Price (Independent Variable)

X4 = Trademark (Independent Variable)

E = Error term

5. Research Results and Explaination

5.1 Classic Assumption Testing

This research used three classical assumption, namely normality test, multicollinearity, and heteroscedasticity. If the research data do not meet all four of the test, it will be an improvement on the data before the model is used to test the hypothesis. Repair data is done so the assumption is met so that the estimation results (parameters) to be more accurate.

Furthermore, this is the result of the three test of classic assumptions.

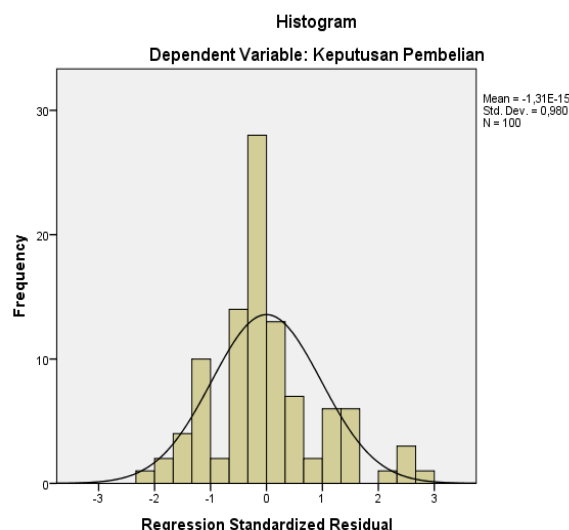**a. Normality Testing**

1) Graphic Analysis

Figure 2. The histogram chart of the purchasing decision

Source: Results of Treatment SPSS 20.0 (2017).

Based on the figure 1 above, it can be seen that the histogram graph is not heavy to the left

which indicates that the normal capital expenditure variable. So it can be concluded that the histogram graph gives a normal distribution pattern.

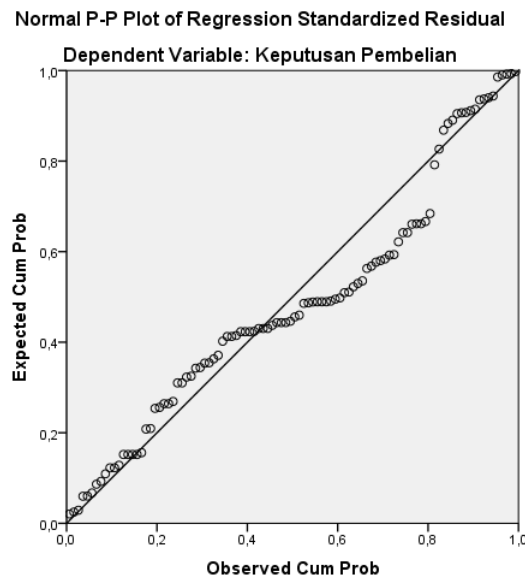**2) The Normal Graphic of Non Probability Plot**

Figure 3. Graph of normal probability plots of purchasing decision

Source: Results of Treatment SPSS 20.0 (2017).

From the Figure 2 above normal probability plots can be seen that the data spread around the diagonal line and follow the diagonal line, so that it can be concluded that the model with variable capital expenditure to meet the assumptions of normality.

3) The Statistic test of One-Sample Kolmogorov-Smirnov Test

Table 1. Statistik test One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Purchasing Decision	Halal Label	Halal Awarness	Product Price	Brand Image
N		100	100	100	100	100
Normal Parameters[a,b]	Mean	23,0900	25,6900	24,3900	20,0300	16,7600
	Std. Deviation	2,51097	2,15882	4,14362	3,35585	2,51509
Most Extreme Differences	Absolute	,154	,143	,168	,152	,159
	Positive	,154	,143	,168	,111	,099
	Negative	-,103	-,127	-,158	-,152	-,159

Kolmogorov-Smirnov Z	1,543	1,429	1,680	1,519	1,590
Asymp. Sig. (2-tailed)	,017	,034	,007	,020	,013

a. Test distribution is Normal.

b. Calculated from data.

Source: Results of Treatment SPSS 20.0 (2017).

Based on table 1 above, the probability values above 0.05 (0.17/ 0.35/ 0.07/ 0.20/ 0.13), then Ho is accepted or the distribution of halal label population, realization of halal, product pricing and brand image distribution normal. From the picture above table, it can be concluded that after the normality test data, the data for label of halal, realization of halal, product price, trademark and purchase decisions are normally distributed.

b. Multicollinearity Testing

Table 2. Multicollinearity Test Rated VIF

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	16,719	3,046		5,490	,000					
Halal Label	-,096	,118	-,082	-,813	,418	,106	-,083	-,075	,833	1,201
1 Halal Awarness	,031	,058	,051	,539	,591	,134	,055	,050	,937	1,068
Product Price	,299	,078	,400	3,854	,000	,416	,368	,355	,790	1,266
Brand Image	,124	,097	,124	1,280	,204	,224	,130	,118	,905	1,105

a. Dependent Variable: Decision of Purchase

Source: Results of Treatment SPSS 20.0 (2017).

Based on table 2 above it can be seen that the number of Variance Inflation Factor (VIF) of less than 10, among others, 1,201 label of halal <10, 1,069 realization of halal <10, the price of 1,266 products <10 and Trademark 1.105 <10 so free from

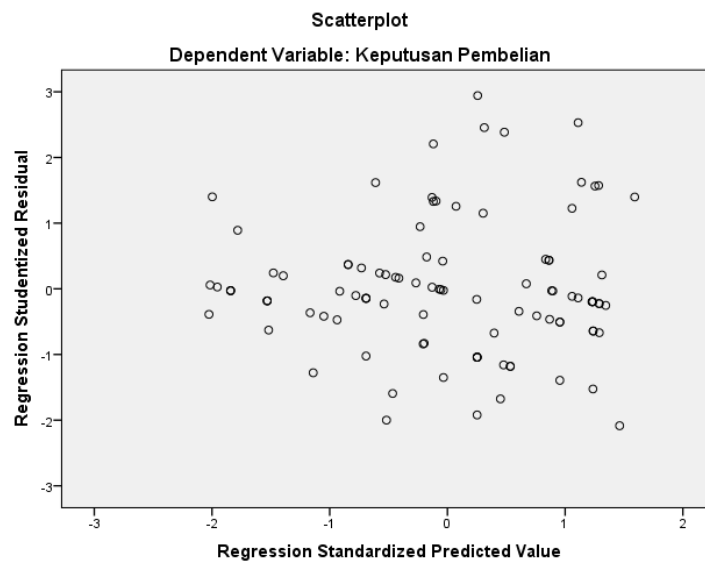**c. Heteroscedasticity Testing**

Figure 4. The Result of Heteroscedasticity Testing

Sumber: Hasil Pengolahan SPSS Versi 20.0 (2017)

Based on Figure 4 above, the image scatterplot shows that the dots spread randomly generated and do not form a particular pattern or trend line. The picture above also shows that the distribution of data around the zero point. From the results of this test indicate that the regression model is free from the problem of heteroscedasticity, in other words: variabe-variables to be tested in this study are homoskedastisitas.

5.2 The Multiple Linear Regression Analysis

Table 3. Multiple Linear Regression Analysis of Variables Halal Label, Halal Awarness, Product Price, and Brand Image on Purchasing Decision

Model		Unstandardized Coefficients
		B
1	(Constant)	16,719
	Halal Label	-0,096
	Halal Awarness	0,031
	Product Price	0,299
	Brand Image	0,124

Dependent Variable: Decision of purchasing

Source: Results of Treatment SPSS 20.0 (2017).

From the Table 3 above, can be formulated regression equation this study as follows:

Y = 16,719 – 0,096 + 0,031 + 0,299 + 0,124 + e.

Interpretation of the regression equation above is as follows:

a. If the value of the independent variables (X1, X2, X3, and X4) are considered zero, then the value of the purchasing decision dependent variable (Y) is equal to 16,719 units.

b. If the value of other variables (X2, X3, and X4) are considered constant, then any increase in the value of independent variable of halal label (X1) for 1 unit will decrease the value of the dependent variable of purchasing decision (Y) equal to 0,096 units.

c. If the value of other variables (X1, X3, and X4) are considered constant, then any increase in the value of independent variable of halal awarness (X2) for 1 unit will increase the value of the dependent variable of purchasing decision (Y) equal to 0,031 units.

d. If the value of other variables (X1, X2 and X4) are considered constant, then any increase the value of independent variable of product price (X1) for 1 unit will increase the value of the dependent variable of purchasing decision (Y) equal to 0,299 units.

e. If the value of other variables (X1, X2, and X3) are considered constant, then any increase the value of independent variable of brand image (X1) for 1 unit will increase the value of of the dependent variable of purchasing decision (Y) equal to 0,124 units.

6. Conclusion

Based on the research that has been in the mentioned above, it can be concluded as follows:

1) The variables of halal label, halal awarness, product price, and brand image simultaneously have significant effect to the purchasing decisions of Sariayu Martha Tilaar cosmetic products.

2) The halal label variable individually has no significant effect to the purchasing decisions of Sariayu Martha Tilaar cosmetic products.

3) The halal awarness variable individually has no significant effect to the purchasing decisions of Sariayu Martha Tilaar cosmetic products.

4) The product price variable individually has significant effect to the purchasing decisions of Sariaayu Martha Tilaar cosmetic products.

5) The brand image variable individually has no significant effect to the purchasing decisions of Sari Ayu Martha Tilaar cosmetic products.

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