

FACTORS DRIVING DECISION MAKING FOR PURCHASING HALAL PRODUCTS IN INDONESIA: LITERATURE REVIEW

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Abstract

There has been an increase in consumer demand for halal products in recent year that does not only come from Muslim consumers but also from non-Muslim consumers. They view halal products as safe and healthy. This triggers consumer awareness of halal products and is followed by the wishes of producers to fulfill their rights to halal products. This research examines factors that drive purchasing decisions for halal products in Indonesia through a literature review. The findings of this research show there are several factors that determine someone's decision to purchase halal products, i.e., religiosity, halal label, halal lifestyle, product knowledge, and Islamic branding/advertising.

Keywords : *Halal, Halal products, Indonesia, Purchase decision.*

1. INTRODUCTION

In the Qur'an, which is the main guide for Muslims, Allah has given clear signs about the commandments of food. As the word of Allah SWT in Surah Al Baqarah 168 means: "O man, eat everything that is on this earth that is lawful and good and do not follow the footsteps of the devil because indeed the devil is a real enemy for you," and in Surah Al-Maidah verse 88 Allah SWT states that "And eat halal and good food from what God has provided for you, and fear God in whom you believe."

The discussion of the halal concept is currently receiving increasing attention, especially for businesses in Muslim-majority countries such as Indonesia. Halal is now a common concept. Halal is a term used in Islam specifically to mean permitted (Baharuddin, et.al, 2015). When someone claims a product is halal, then the product must follow halal compliance in Islam. Halal covers all aspects of Muslim life, not only food and drink but also safety, animal welfare, social justice, and environmental sustainability (Baharuddin, et.al, 2015).

In recent years, there has been an increase in consumer demand for halal products. This demand does not only come from Muslim consumers but also from non-Muslim consumers. They view halal products as safe and healthy. Current technological developments have increased the complexity of knowledge about halal products. This, among other things, triggers consumer awareness of halal products, followed by producers' desire to fulfill their rights to halal products (Hervina, 2017).

The desire to consume halal products occurs in almost all Indonesian consumers. The large demand for halal products indicates that people are starting to realize the importance of good, safe, and healthy products. Looking at this phenomenon, it is interesting to examine the factors that drive decisions to purchase halal products in Indonesia.

This research digs deeper by focusing on factors that encourage someone to make the decision to buy halal products in Indonesia, based on various studies that have been conducted previously.

2. LITERATURE REVIEW

Halal Concept

In Islam, all types of legal food are halal unless there is evidence that specifically prohibits them. Al-Qur'an Surah Al-Baqarah: 173 conveys that Allah SWT only forbids carcasses, blood, pork, and the meat of animals that are slaughtered by mentioning names other than Allah.

Basically, halal refers to things or actions that are in accordance with sharia. In other words, the concept of halal can provide guidance to Muslims in determining which products or services are in accordance with Islamic law and norms (Adinugraha *et al.*, 2019).

Sharia (Islamic law) of halal and haram occupy an important position in human life. The position of a human being in the eyes of Allah SWT is determined by his concern for halal and haram sharia. Halal legal status can be attached to both things and actions. Islamic law has regulated things that are prohibited for consumption and actions that are prohibited.

Based on Indonesia's Law No. 33 of 2014 concerning halal product guarantees, Article 1 states that halal products are products that are declared halal in accordance with Islamic law. Regarding halal food products, it is stated in the Al-Qur'an Surah Al Maidah: 88 that Allah SWT has given humans food that is halal and good sustenance (*thoyyib*).

Consuming halal food and other products is a basic right for every Muslim. This is not only related to religious beliefs but also concerns health, economics, and security dimensions (Astuti, 2020). A halal lifestyle brings great benefits to the quality of human life, as consuming everything that is good, safe, and healthy (Hervina, 2017) will be beneficial for your physical and spiritual condition. This then makes the halal lifestyle increasingly popular in Indonesia, not only among the Muslim community but also among non-Muslims. Regarding the intention to buy halal food, it is influenced by factors of religiosity, halal awareness, and halal certification (Faturrohman, 2019; Haider, 2015). Fauziah (2021) also states that purchasing decisions are determined by product knowledge, religiosity, and halal awareness.

In everyday life, people need various goods to fulfill their daily needs. When purchasing these goods, it must be based on the principles of halal and haram. In Islam, all Muslim adults must know which goods are halal and which ones are haram so that when deciding to purchase them, only halal goods are chosen. Purchase intention is the consumer's desire to buy the product or service offered. Religiosity can be defined as a belief held by a person in divinity that influences his behavior, either directly or indirectly. Halal awareness is the knowledge necessary to understand the halal process and products and assume that consuming halal food is important for oneself.

Halal certification refers to a guarantee for a Muslim in terms of consuming products, including foods, that comply with Islamic rules (Lada *et al.*, 2019). This is an important thing that can influence a Muslim's consumption decision regarding whether the product is halal or not (Muhammad *et al.*, 2015). Therefore, this certification can facilitate Muslims not only in guaranteeing whether what they eat is in accordance with Islamic law or not but also in providing confidence for producers that the products they offer have met halal standards (Arif, 2011).

3. RESEARCH METHODS

This paper used qualitative methods to provide a better understanding of the topic raised. A literature review approach was then used to determine various theories and indicators from previous research related to factors that influence purchasing decisions about halal products in Indonesia. A literature review was carried out to discover various gap theories or several findings that were not present in previous findings so that they could be used as comparison material in conducting current research. This research began by searching for articles that would support the paper with the keywords halal, halal products, halal lifestyle, Indonesian consumers, and purchase decisions. Based on a search using these key words, 13 journal articles were selected from previous literature studies. The article was then analyzed using ATLAS.ti 23 as one of the software packages included in Computer Assisted Qualitative Data Analysis Software, or CAQDAS. This software is

useful in assisting the data analysis process for qualitative grounded theory research. Figure 1 depicts the data analysis process used in this research.

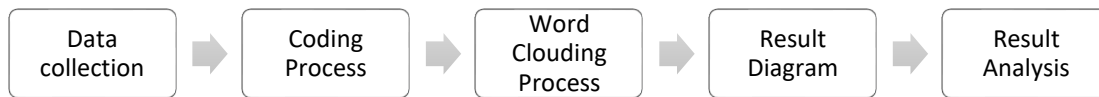


Figure 1. Data Analysis Process

Source : Processed Data, 2023

In the data analysis process, each piece of data is coded into five categories (keywords), making it easier to recall the data as material for discussion in research. This process produces relevant codes to describe purchasing decisions for halal products in Indonesia. These categories are religious, certification, trends, products, and advertising. The codes were derived from the abstracts, literature reviews, results, and conclusion sections of the previous studies studied. After getting these codes, the next step is to create a word cloud to support the categories derived in the coding process. This word cloud will be matched with the coding results. After comparing the codes and word clouds, five main factors were identified that influence the decision to purchase halal products in Indonesia.

4. RESULT AND DISCUSSION

The consumer’s decision to consume and buy halal products is influenced by several factors. This research is based on a literature review of several previous studies regarding factors that influence the decision to purchase halal products in the community. Through a qualitative approach using Atlas.Ti, this study finds several factors that encourage people to buy halal products. These factors are explained in the word clouding, which is produced through coding analysis from several literature sources. The word clouding results are explained as follows:



Figure 2. Word Clouding (General Result)

Source : Processed Data, 2023

If we refer to the word clouding results, several important keywords can be obtained in each piece of literature analyzed. People's decisions to buy and consume halal products in everyday life, especially Indonesians, are influenced by several things. Keywords such as Muslims, values, lifestyle, products, prices, labels, and certification then become the basis for analyzing the factors that influence decisions in purchasing and consuming halal products. Then, to increase insight, this research also uses another word-clouding result, which comes from important concepts underlying the literature studied. The word clouding below contains the concepts underlying each of pieces of the literature reviewed, which will enrich the results of this research.

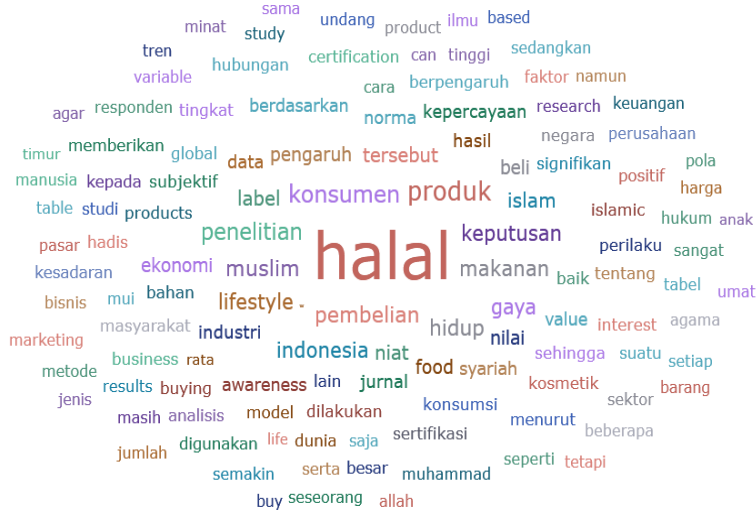


Figure 3. Word Clouding (Concept Result)
Source : Processed Data, 2023

After analyzing the results of the two word cloudings above, several important keywords came up, such as trust, values, law, trends, economics, products, awareness, food, cosmetics, marketing, advertising, certification, and others. These keywords then become the basic concept in determining the influence of people's decision factors in buying and consuming halal products. These keywords are coded into five important factors as follows:

Codes	
Search Codes	
Name	Grounded ^
○ Islamic Branding/Advertising	5
○ Product Knowledge	15
○ Halal Lifestyle/Trend	28
○ Halal Label/Sertification	28
○ Religiosity	29

Figure 4. Research Factors Code
Source: Processed Data, 2023.

As can be seen in Figure 4, the first factor that determines the decision to purchase halal products is religiosity. Religiosity means the beliefs held by Muslims. As explained in (Hervina, 2017), every Muslim is ordered to consume everything that is halal and good, which is in line with the Al-Qur'an surahs Al-Baqarah verse 168 and Al-Maidah verse 88. In Islam, there are rules regarding what a Muslim may and may not consume (Rohim & Priyatno, 2021), which are divided into "halal" and "haram". These are the rules for a Muslim to determine what goods and products can be consumed. This then makes religiosity a determining factor in the decision to purchase halal products, especially for Muslims.

The second factor is the halal label or certification. According to Alfian (2017), a halal label is the provision of a halal mark or written proof as a guarantee of the halalness of a product with the words Halal in Arabic letters (Putri et al., 2022). In Indonesia, halal labels or certifications are currently managed by the Halal Product Assurance Organizing Agency (BPJPH) under the Ministry of Religion. Labels provide correct, clear, and good information to the public regarding the quantity, content, and quality of goods and services in circulation so that people can make choices before buying or consuming them. Having a halal label printed on the product packaging will directly influence consumers to use the product. The emergence of a sense of security and comfort in consuming a product will make someone make a purchasing decision(Putri et al.,



2022). Research conducted by Faturohman (2019) shows that halal certification is the first consideration in purchasing halal food products. Therefore, halal certification plays an important role in influencing Muslim consumers to buy halal food in the future.

The third factor is a halal lifestyle or halal trends. Lifestyle is a description of the way a person or group of people live their lives. Currently, consumers tend to follow development trends in all aspects of needs, ranging from primary to secondary ones, in accordance with the lifestyle adopted, namely the halal lifestyle. According to Adinugraha et al. (2019), a halal lifestyle is needed by all human beings, not only Muslims, because the halal concept applies universally, philosophically, and practically. It is an innovation from standard operating procedures (SOP) dating back fourteen centuries in Islamic Sharia. Since consuming halal products has many benefits, a halal lifestyle has become a new trend in global society (Hoiriyah & Chrismardani, 2021) for both Muslims and non-Muslims. Many countries in various parts of the world try to buy halal products in their daily lives (Jailani & Adinugraha, 2022).

Product knowledge also influences the decision to purchase halal products. Indonesia is a country with the largest number of Muslim centers in the world, where 87.18% of the population is Muslim. Apart from that, the amount of halal food consumed by Indonesians is the highest in the world (Faturohman, 2019). In Indonesia, since the majority are Muslims, most people know which products they can and cannot consume. The decision of Muslims to buy halal products actually heavily depends on how much relevant knowledge they have about the product and the critical point of halalness of the product. Thus, product knowledge must be considered one of the factors influencing halal purchasing decisions (Fauziah & Al Amin, 2021). This is because Muslims seek halal labels in product information to avoid uncertain matters (Rossanty & Nasution, 2016), as consuming halal products is mandatory for Muslims. Regarding the critical point of product halalness, marketers need to provide clear information about the products that will later be sold to consumers. It is not enough for a product to only be made of halal ingredients; the production process must also be considered to maintain the halalness of the product. Therefore, many manufacturers carry out various promotional efforts to provide education to consumers, especially in terms of showing the superiority of their products, including the halalness of their products. For example, in deciding to buy cosmetic products, knowledge regarding cosmetic products is a consideration for consumers. This product knowledge includes information regarding whether the product is halal or not, product quality, benefits, safety, type, and other information (Darmalaksana et al., 2018). Likewise, with other products, manufacturers must ensure that consumers receive relevant information about the products being marketed to increase their attractiveness and purchasing decisions.

Another factor that is no less important in determining the decision to purchase halal products is Sharia branding or advertising. Currently, many media outlets are reporting about the "halal lifestyle" trend. This makes this trend increasingly prevalent in Indonesia (Adinugraha et al., 2019). Apart from that, advertising and marketing of halal products through various media is one of the factors that can increase people's interest in buying halal products. This is in accordance with the results of previous research conducted by Usmandani & Darwanto (2021), which explains that Sharia advertising has a significant effect on increasing people's interest in buying halal products. Indicators of the halal product marketing process, such as halal product branding, promotions, and discounts, can attract people's interest in buying halal products (Awan et al., 2015). In their research, Awan et al. (2015) found that halal marketing and branding influence customers' decisions to purchase halal products. They found that people are willing to spend a lot of money and effort to buy halal products, such as food.

After analyzing these five factors, the author created a network that explains the correlation of each factor, as depicted in the image below.

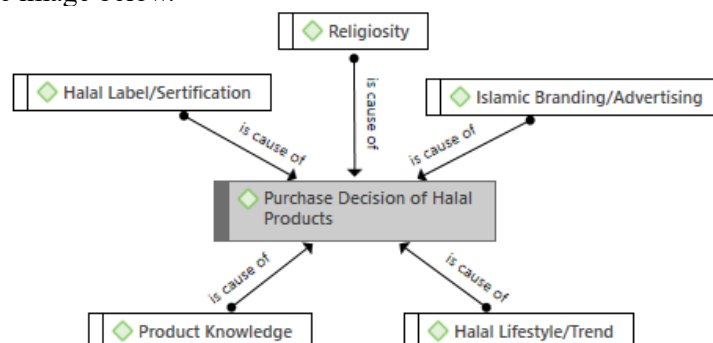


Figure 5. Purchase Decision of Halal Product Factors

Source: Processed Data, 2023.

The chart above illustrates the correlation between five factors, namely religiosity, halal trends, halal labels, product knowledge, and Islamic branding, in the decision to purchase halal products. An analysis of thirteen pieces of literature produces these five factors as determinants of decisions to purchase halal products. Each factor has an influence on increasing people's purchasing decisions for halal products. Most previous research discusses the influence of religiosity, halal trends, and halal label factors. Meanwhile, other research discusses the influence of product knowledge and Islamic branding/advertising factors.

5. CONCLUSION

This research discusses the influence of factors on purchasing decisions about halal products. From the results of a literature review through the coding and word-clouding process using Atlas. It can be concluded that there are five factors that influence consumer decisions in purchasing halal products. These factors are religiosity, halal trends, halal labels, product knowledge, and Islamic advertising branding factors. These factors have the possibility of influencing the decision to purchase halal products. However, because the literature used in this research is limited to case studies in Indonesia, the results of this research are limited and only relevant to Indonesian conditions. Thus, further research is needed, for example, in countries with Muslim-majority populations throughout the world. Research can also be carried out in non-Muslim majority countries that are visited by many Muslim tourists, such as Japan, South Korea, or European countries. Further research can also be carried out using qualitative methods through interviews and observations of research subjects so that they can gain insight into halal research topics.

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