Halal Label and Product Quality: Case Study Wardah Cosmetic Product Purchase Decision

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ABSTRACT
The development of the Indonesian cosmetic industry is relatively rapid because cosmetic products have become primary needs in Indonesia which the population is predominantly Muslim. This development caused competitive competition between cosmetics brands in Indonesia. Because of this competition, Wardah cosmetics is considering the halal label in its products and the quality of the products to increase consumer purchasing decisions. This research uses quantitative, associative methods to investigate the relationship between halal brands and product quality with the purchasing decision of Wardah cosmetics, especially in Surabaya. The number of samples used is 100 Muslim respondents who used Wardah cosmetics products in Surabaya. The data analysis technique used is multiple correlation coefficient analysis using SPSS version 25. The study results showed that halal labeling and product quality simultaneously had a significant and robust relationship with the purchasing decision of Wardah cosmetic products. While partially, the halal labels and product quality had a moderate and meaningful relationship with the purchase decision of Wardah cosmetics products.
1. Introduction

The current development of globalization impacts people's lives in Indonesia. The impact of the development of globalization is people’s living habits that follow the times. This habit is characterized by excessive public consumption, a selfish attitude, and fast desire. One form of people's living habits today, namely social status, is considered essential and is usually marked by the appearance or brand of all types of goods owned or used, such as vehicles, cellphones, bags, shoes, and others. Based on the 2015 inter-census population survey reported by BPS (2018), it shows that the total population of Indonesia is 264,160,000 people, and 87.2 percent of the population adheres to Islam.

The large population in Indonesia can increase clothing, food, and housing. Clothing, food, and shelter are primary needs. According to the Minister of Industry, Airlangga Hartanto, reported by the Kementerian Perindustrian Republik Indonesia (2018), cosmetic products had become an immediate need that is not only needed intending for women, but various variants for men and children have begun to be innovated. This issue is because the cosmetic industry in Indonesia has become the primary sector, as stated in the Rencana Induk Pembangunan Industri Nasional (RIPIN) Tahun 2015-2035.

The industry of the cosmetic sector in Indonesia increased by 153 companies in 2017, so now the total has reached around 760 companies, both small, medium, and large scale. The highest number of cosmetic industries is in West Java province with 112 companies and East Java with 107 companies (Kementerian Perindustrian Republik Indonesia 2018). This finding shows that West Java and East Java regions are promising market shares for the cosmetic business sector.

When the cosmetic industry in Indonesia continues to increase every year because cosmetic products have become a primary need for residents in a country that mainly embraces Islam, a Muslim must consume halal goods. As stated in the word of Allah Q.S. Al-Baqarah [2]: 168, which reads as follows:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَََلًا طَيِّباً وَلَتَّبِعُوا خُطُوَاتِ الشَّيَاطِينَ ۚ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

Meaning: 'O people! Eat from (food) that is lawful and good found on earth, and do not follow the devil's steps. Indeed, Satan is a real enemy to you.'

Halal is anything allowed to be consumed or used because it is not bound by the provisions prohibiting it (Asrina and Bulutoding 2016). A halal label is a form of statement listed on the packaging to provide information to the public regarding the product’s halal status. Halal
brands can be measured through knowledge, trust, and judgment (Anita 2017). The Institute for the Study of Food, Drugs, and Cosmetics of the Indonesian Ulema Council (LPPOM MUI) is competent in reviewing, considering, and determining safe food, beverages, drugs, and cosmetics when consumed or used.

The registration of halal certificates for every product produced by companies in Indonesia in the food, medicine, and cosmetic fields continues to increase. Data from LPPOM MUI (2019) revealed that in 2011-2018 there were 59,951 companies with 727,618 products, so now, a total of 69,985 halal certificates have been issued by LPPOM MUI, both in terms of food products, medicines, or cosmetics. Although there has been an increase in the number of halal certificates, the community, especially Muslim ones, must remain careful in making product purchasing decisions. This issue is because not all products, especially cosmetic products that enter Indonesia, have halal certificates issued by LPPOM MUI.

According to Mowen & Minor (2002:11), purchasing decisions are a series of steps: understanding the problem, searching for information, evaluating alternatives, selecting, and assessing post-purchase activities involving consumers in purchasing activities. Purchase decisions can be measured through product choice, brand choice, distribution choice, purchase amount, purchase time, and payment method (Kotler & Keller, 2009:188). When viewed from Islamic teachings, Almizan (2016) suggests that purchasing decisions should pay attention to the value of goodness (halalness) of an item to be consumed. In addition, product quality is also an essential component of a product. This issue is because products with good quality can affect consumer decision-making in product purchasing activities. Product quality is a product characteristic that is explained directly or indirectly and is sourced from the ability of each product to satisfy consumer expectations (Kotler & Keller, 2009:143). A product is considered quality if it can meet the needs and desires of consumers. Consumers want quality products that can be useful for their needs and are guaranteed to be safe when consumed. Product quality can be measured through ease of use, durability, clarity of function, and diversity of product sizes (Natassia and Sari 2016).

Wardah is the first domestic cosmetic brand to include a halal label. Currently, the Wardah cosmetic brand has managed to dominate the market share in the cosmetic sector in Indonesia. This issue can be seen from the awards that Wardah has received in the Top Brand Award every year. In 2017-2019 the cosmetic brand Wardah occupied the TOP position in the Top Brand Index for the personal care category (Top Brand Award 2019). In addition, the sale of Wardah’s cosmetic products continues to increase every year. In 2017, Wardah’s cosmetic products sales had risen by 40 percent. This increase was due to the Wardah cosmetic brand
continuing to make the latest innovations following market demand and quality control, halal and safe to use (Eldon 2018).

Previous studies that support research on the relationship between halal labels and product quality with purchasing decisions for Wardah cosmetic products have been carried out. Aspan et al. (2017) revealed that halal labels, halal awareness, product prices, and brand image significantly influence purchasing decisions for cosmetic products. Muzhar et al. (2018) suggest that halal labels positively and significantly affect brand image and consumer purchasing decisions. Then Anjana & Vidyapeetham (2018), in their research, stated that product quality, brand, price, advertising, and packaging had a more significant impact on cosmetic purchasing decisions.

Based on this phenomenon, the problems that are formulated are as follows: (1). Is the halal label related to the purchasing decision of Wardah cosmetic products? (2). Is product quality associated with Wardah cosmetic product purchasing decisions? (3). Are halal labels and product quality related to Wardah’s cosmetic product purchasing decisions?

2. Research Method

This type of quantitative research is associated with finding a link between the independent variable, namely the halal label and product quality, and the dependent variable, the purchase decision. The population in this study is Muslim consumers who use Wardah cosmetic products in Surabaya. This study uses primary data sources from respondents’ answers to the research instrument, namely a questionnaire using a Likert scale. The sampling technique used was accidental sampling with criteria 1). Respondents are Muslim, 2). Respondents reside, domicile, and have an I.D. card in the city of Surabaya, 3). Respondents are at least 13 years old, 4). Respondents have purchased and used Wardah cosmetic products. The sample used is 100 respondents where this number is obtained from the results of calculations based on Rao Purba’s theory below (Nurchayati 2018):

\[ n = \frac{Z^2}{4 \text{ (Moe)}^2} \]

Description:

\( n \) = Number of sample
\( Z \) = Normal distribution level at significance level 5% (1.96)
\( \text{Moe} \) = Maximum error rate (10% or 0.10)
The data analysis technique uses multiple correlation coefficients, Kendall’s correlation coefficient, and hypothesis testing, including individual significance test, overall significance test, and coefficient of determination ($R^2$) using the SPSS version 25 program.

3. Result & Discussion

Individual Significance Test
The individual significance test is used to see the partial closeness between the halal label and product quality with purchasing decisions. The test is stated to be related if the significance value <. The study used a 2 (two) sided test, so the value of $/2$ so that the value of $= 0.05/2$ was 0.025. The following are the results of the calculation of the individual significance test:

Table 1. Individual Significance Test

<table>
<thead>
<tr>
<th>Kendall's tau_b</th>
<th>Halal Label Correlation Coefficient</th>
<th>Product Quality Correlation Coefficient</th>
<th>Purchasing Decision Correlation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>100</td>
<td>0,653**</td>
<td>0,520**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
</tr>
<tr>
<td>Product Quality</td>
<td>Correlation Coefficient</td>
<td>0,653**</td>
<td>1,000</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
</tr>
<tr>
<td>Purchasing Decision</td>
<td>Correlation Coefficient</td>
<td>0,520**</td>
<td>0,564**</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0,000</td>
<td>0,000</td>
<td>0,000</td>
</tr>
</tbody>
</table>

Sources: IBM SPSS Statistics 25 Output

Based on the results of the individual significance test calculations presented in table 1, it can be concluded that: Test the significance of the halal label with purchasing decisions. The number of correlation and significance coefficients obtained are 0.520 and 0.000. This finding shows a significant number < 0.025, so the hypothesis is accepted so that the halal label has a
moderate and significant relationship with the purchasing decision of Wardah’s cosmetic products. Test the significance of product quality with purchasing decisions

The number of correlation and significance coefficients obtained are 0.564 and 0.000. These results show that the significant number is < 0.025, so the assumption on the research hypothesis is accepted. The quality of the product has a moderate and significant relationship with the purchasing decision of Wardah’s cosmetic products.

Overall Significance Test

The overall significance test measures the relationship between halal labels and product quality with simultaneous purchasing decisions. The test is stated to be related if the significance value of F Change < (0.05). The results of the overall significance test in this study are as follows:

Table 2. Overall Significance Test

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.757a</td>
<td>0.574</td>
<td>0.565</td>
<td>3.343</td>
<td>F Change 65,264</td>
</tr>
</tbody>
</table>

Sources: IBM SPSS Statistics 25 Output

Based on the results of the overall significance test calculations presented in table 2, the correlation coefficients and the significance of F Change are 0.757 and 0.000. This data means that with the significant number of F Change <0.05, the assumption on the research hypothesis is accepted. The halal label and product quality have a significant and robust relationship with the purchasing decision of Wardah cosmetic products.

Determination Coefficients (R²)

The coefficient of determination (R²) is used to see the relationship between halal labels and product quality with purchasing decisions expressed in percentage terms. The results of this study are stated to have a strong relationship if the value of R square is getting closer to the value of 1 (one). The results of the coefficient of determination (R²) in this study are as follows:
Table 3. Coefficient of Determination ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.757$^a$</td>
<td>0.574</td>
<td>0.565</td>
<td>3.343</td>
<td>0.574</td>
</tr>
</tbody>
</table>

Sources: IBM SPSS Statistics 25 Output

Based on the calculation of the coefficient of determination ($R^2$). The R square number is 0.574. This data shows that the relationship contribution given is 0.574 or 57.4 percent, and the remaining 0.426 or 42.6 percent is due to other not observed factors.

The Relationship between Halal Label and Wardah Cosmetic Product Purchase Decision

The study results revealed that the halal label had a moderate and significant relationship with the purchasing decision of Wardah cosmetic products. These results are supported by Fauziah et al. (2019), which state that halal labels have a moderate and significant relationship with purchasing decisions for cosmetic products in FEBI IAIN Langsa students. Many respondents did not prioritize the halal label on the cosmetic products used in the study. This situation results from the respondent's lack of understanding about the rules for using cosmetic products following Islamic law. Santoso et al. (2017) explained that the halal label had a positive and significant effect on purchasing decisions of the Muslim community in Ponorogo. Respondents in this study always pay attention to the information contained in the product packaging. The information includes consumer safety information (license labels issued by the health department), product usage date limits, and halal labels.

Based on this study's results, some Muslim consumers purchase Wardah cosmetic products not based on a halal label but instead on other factors. There are several causes for the purchase decisions of Muslim consumers on Wardah cosmetic products, namely: (1) Needs are the leading cause of consumers making purchasing decisions. It was found that 94 percent of Muslim consumers of Wardah's cosmetic products made purchases based on need. The need for these products can make people forget about other components contained in a product, such as halal labels. Iklan dan review konsumen.
(2) The existence of exciting advertisements and several reviews from other people who suggest using the product can also influence consumers in making purchasing decisions. The majority of Muslim consumers in this study stated that they were interested in using Wardah cosmetic products because of the advertisements and the quality of one’s reviews (testimonials) on these products. The tagline in Wardah’s cosmetic product advertisement implies that the product is halal and intended for Muslim women to make consumers believe it without looking at the halal label on the packaging.

Muslim consumers who use Wardah cosmetic products know that it is obligatory to consume and use halal goods in Islam, but most still have not implemented it. This finding shows that their awareness to apply this knowledge is still low. This lack of awareness resulted in the value of the halal label in this study being low and purchasing decisions high. Hence, it impacted the relationship between the halal label and the purchasing decision of Wardah cosmetic products, which was included in the category of moderate relationship. The way to make the relationship fall into a strong relationship is to increase public awareness about the urgency of the halal label on the product packaging section. Raising this awareness can be done through socialization held by related institutions or companies, both government and private.

When viewed from the point of view of Islamic economics, people, especially Muslim ones, are encouraged to consume halal goods. As stated in Q.S. Al-Baqarah [2]: 168, which means as follows:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَََْلًا وَلَيْتُنَا خَطُوَاتِ الشَّيَاطِينِ إِنَّهُ لَكُمْ عَدُوٌّ مَّبِينٌ

Meaning: 'O people! Eat from (food) that is lawful and good found on earth, and do not follow the devil’s steps. Indeed, Satan is a real enemy to you.'

The verse above explains the advice for Muslims to eat halal and good food. The meaning of the verse, when applied to current conditions, is not only limited to food but other products that can be consumed or used by humans, such as cosmetics. According to Islamic law, cosmetics that have been labeled halal are good cosmetics for the body. Therefore, consumers should buy halal cosmetic products to reassure themselves when using these products.
Product Quality Relationship with Wardah Cosmetic Product Purchase Decision

The results showed that product quality had a moderate and significant relationship with the purchasing decision of Wardah cosmetic products. These results are supported by Ria & Yuliawati (2018) try to explain that product quality has a moderate, positive, and significant relationship with fresh milk purchasing decisions. It is known that the frequency of respondents’ answers regarding product quality in this study is included in the high category. The better the quality of the product produced by the seller of fresh milk will positively impact consumer purchasing decisions. Habibah & Sumiati (2016) stated that product quality influences purchasing decisions for Wardah cosmetic products in Madura City. This study found that the quality of Wardah’s cosmetic products can stimulate consumers’ emotions so that consumers feel safe when buying these products. Mokoagouw (2016) stated that product quality has a positive and significant influence on purchasing decisions for Samsung mobile phones at the Samsung Mobile I.T. Center Manado. This study found that a consumer purchased by looking at the physical appearance and the benefits derived from the product.

Based on the results of this study, it shows that the product quality with the buyer’s decision of Wardah cosmetic products is in the moderate relationship category. This finding is due to Muslim consumers who use Wardah cosmetic products in Surabaya. As for some conditions of Muslim consumers who use Wardah cosmetic products in Surabaya, which causes the relationship in this study to be in the moderate category are as follows: (1) Differences in perception in satisfying needs. In this study, it was found that there were differences in perceptions between Muslim consumers with one another. The majority of Muslim consumers think that the variation in the size of Wardah’s cosmetic products is according to their needs, but some think otherwise. This issue is due to the differences in the desires of each person in satisfying the needs. Some people prefer to buy Wardah cosmetic products in large packaging sizes, so they don’t run out quickly and buy less frequently. Meanwhile, others prefer to buy in small or medium packaging sizes to make it more practical to carry or financial conditions. The frequency of purchases is more.

(2) Ignorance of consumers about the product. Some Muslim consumers who use Wardah cosmetic products in Surabaya do not yet know about good storage suggestions for each cosmetic product to have sufficient durability. In addition, they rarely read the information on the packaging, so they do not know whether or not there is information about the expiration date, composition, or use of the product. This issue is due to their assumptions about the composition and use of Wardah cosmetic products, which are not much different from the
composition and use of similar cosmetic products in general. Often, consumers only check the expiration date on products that have not been used for a long time.

The ignorance of Muslim consumers about Wardah cosmetic products resulted in low product quality values in this study and high purchasing decisions, so it impacted the relationship between product quality and purchasing decisions for Wardah cosmetic products. The way to make the relationship is included in the strong category is to increase consumer knowledge about Wardah cosmetic products. Improving consumer knowledge about Wardah cosmetic products can be done by providing attractive designs and information on the product packaging, aiming to provide information to the public so that all users of Wardah Cosmetics products can receive the information.

When viewed from Islamic economics, Muslims are encouraged to use reason to purchase a product. As stated in the word of Allah Q.S. Yunus [10]: 100 which reads as follows:

وَمَا كَانَ لِنَفَاسِنَ أَنْ تُؤَمِّنُ إِلَّا بِإِذِينَ اللَّهِ وَيَجَعَلُ الرَّجَسَ عَلَى الَّذِينَ لَا يَعْقِلُونَ

Meaning: ‘And no one will believe except with Allah’s permission, and Allah will inflict punishment on those who do not understand.’

This verse explains the advice of Allah SWT to his people to use their minds in carrying out all activities carried out following Islamic law. Therefore, consumers must be more selective in purchasing a product to avoid any purchase error. One form of selective attitude that consumers must have when they want to make purchasing decisions is to know the benefits of the product to be purchased. Information about the product can be found through the information on the packaging or information from social media.

The Relationship between Halal Label and Product Quality with Wardah Cosmetic Product Purchase Decision

The study results revealed that the halal label and product quality had a significant and robust relationship with the purchasing decision of Wardah’s cosmetic products. These results are supported by Alim et al.’s (2018) research, which states that the perception of halal labels and product quality has a positive and significant influence on purchasing decisions for Muslim fashion products. The discovery of halal labels on Zoya Muslim fashion goods can create a good perception of consumers to impact purchasing decisions. Meanwhile, high product quality can also impact consumers buying these products.

The study results show that the halal label listed on the packaging and product quality that tends to get better can impact consumer attitudes to choose the product. Conversely, suppose
the product is not equipped with a halal label, and the quality tends to decrease. In that case, the consumer will be reluctant to choose the product, so the consumer's purchasing decision on the product will decrease.

When viewed from the point of view of Islamic economics, it is better to achieve benefit when making a purchase decision. Maslahah is a benefit and blessing. Consumers will feel the benefits of consumption when the product purchased can meet their needs. Meanwhile, the blessing is received if the product consumed is halal in Islamic law (Ghofur, 2018:78). This issue is also explained by Q.S. an-Nahl [16]: 114, which means as follows:

فَكُلُوا مِمَّا رَزَقَكُمُ اللَّهُ حَلَالًا طَيِّبًا وَاشْكُرُوا نِعَامَتَ اللَّهِ إِنَّكُمْ إِيَّاهُ تَعَبُّدُونَ

Meaning: "Then eat lawful and good from the sustenance that Allah has given you; and be grateful for the favor of Allah, if you worship only him."

The verse explains the recommendation for humans to consume halal and suitable goods from their income. An item is said to be good if it can be helpful for its needs. The benefits obtained can be in terms of product quality. Therefore, if a consumer wants to buy a product, it is better to pay attention to the halalness and benefits received from the product.

4. Conclusion

Based on the research carried out, the results obtained are: (1) Halal labels have a moderate and significant relationship with the purchasing decisions of Wardah cosmetic products. These results are caused by Muslim users of Wardah cosmetic products making purchases not based on the presence or absence of a halal label but instead on other factors such as needs, advertisements, and consumer reviews. (2) Product quality has a moderate and significant relationship with the purchasing decision of Wardah cosmetic products. These results are due to Muslim consumers who use Wardah cosmetic products in Surabaya. The condition of Muslim consumers who use Wardah cosmetic products that can affect the results of this study is the difference in perceptions of Muslim consumers in satisfying their needs and their ignorance about the product. (3) Halal label and product quality have a significant and robust relationship with the purchasing decision of Wardah cosmetic products. These results show that the halal label listed in the packaging section and the valuable quality of the product can improve the attitude of Muslim consumers to make purchases.
References


