

## Foreign Halal Packaged Products that Influence Purchase Intention

Berliana Rizki Arlisa<sup>1\*</sup>, Ratih Hendayani<sup>1,2</sup> and Yuvaraj Ganesan<sup>1</sup>

<sup>1</sup>School of Economics and Business, Telkom University, Indonesia

<sup>2</sup>Graduate School of Business Universiti Sains Malaysia, Malaysia

**Abstract.** *Halal has become a major topic of conversation in the business world due to today's rapid development of halal packaged food production. This study discusses several factors that influence the purchasing decisions of Indonesian Muslim respondents on imported halal packaged food products. Halal awareness, Islamic brands and product ingredients have been predetermined as the influencing factors of purchase intention. As data source we use randomly distributed questionnaires to 107 Muslim respondents across the country. Our research shows that the intention of Muslims to buy halal packaged food of foreign production was significantly affected by Halal Awareness and Islamic Brands. Meanwhile, the product ingredients factor was not proven to affect purchase intention. The findings of this study are expected to help inform foreign packaged food producers that they must certify their products with halal label and be more concerned about the halal appearance of their product packaging.*

**Keywords:** *Halal packaged food, halal awareness, islamic brand, product ingredients, purchase intention*

### 1. Introduction

Other countries talk about halal products, but Indonesia does nothing (Prawira, 2016). Only a few attempts have been made to study and understand the buying behavior of Indonesian Muslims towards foreign halal products. There is study that discusses the effects of halal awareness, Islamic brands, and product ingredients on purchase intentions (Yunus et al., 2014).

According to a report from Pew Research, a global research institution, Indonesia in 2010 was the country with the largest Muslim population in the world, more than 209.1 million Indonesians at that time were Muslims. India was the second largest with 176.2 million Muslim residents. Then, the third and fourth ranks belonged to Pakistan and Bangladesh in sequence. And, Nigeria was positioned as the fifth largest (Purnamasari, 2017).

However, exports of halal meat and food to Muslim majority countries are still controlled by countries outside the membership of the OIC (Organization of Islamic Cooperation). Brazil is currently the largest poultry exporter and India is the largest beef exporter. Other non-OIC countries such as South Korea, China and Thailand also continue to increase the level of their halal meat exports to most Muslim countries. On the other hand, Muslim countries such as Turkey, Pakistan and Iran are crawling to improve exports of their halal meat (Hong, 2016). In general, Muslim community worldwide in 2015 spent \$ 1.17 trillion (Rp1.5 quintillion) on food and beverages. Indonesia was the Muslim country with the second highest expenditure that year (\$ 55 billion / Rp.2 quadrillion) after Turkey in the first place (\$ 166 billion / Rp.2.1 quadrillion) (Hong, 2016).

However, a study released by the publisher Thomson Reuters entitled "Outpacing the Mainstream Countries of the 2017/2018 Global Islamic Economy Report" did not

\*Corresponding author. Email: [berliantarizkiarlisa@student.telkomuniversity.ac.id](mailto:berliantarizkiarlisa@student.telkomuniversity.ac.id)  
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include Indonesia in the top 10 Halal Food worlds. The top 10 halal food countries were Malaysia, UAE, Brazil, Australia, Pakistan, Oman, Brunei, Singapore, Sudan, and Saudi Arabia. Some of the top 10 Halal Food countries are not Islamic countries, for example Australia. Although around 64 percent of the total Australian population claims to be Christians, awareness of halal food in Australia is much higher than in Indonesia (Reuteurs, 2018).

In Islam, halal food must be:

- free from any parts, products or by-products of non-halal animals,
- free from any parts, products or by-products of halal animals which were not slaughtered according to Sharia principles,
- free from any filthy or haram ingredients according to Sharia principles,
- safe and not harmless for human consumption,
- prepared, processed or manufactured using equipment that is free from contamination of non-halal elements,
- free from any human parts or its derivatives, and
- physically separated from non-halal products during its preparation, processing, packaging, storage and transportation (Syukur, 2018)

Something that is not halal is called haram. Pigs are haram, blood is haram, liquor is haram, and slaughter without reciting bismillah is also haram. Animals that live in two realms are also haram. In Indonesia, turtle satay is sold and even written in large-sized fonts in the media. People do not seem to know that it is haram as turtles live in two realms. Meanwhile, other newspapers and media highlight snake satay which is said to be a remedy or alternative healing for some health problems (Prawira, 2016).

In fact, there are still many foods or other products considered to have haram issues.

Ironically, these cases often arise from products that have long been widely spread in Indonesia. The most common haram problem is the discovery of products containing pork oil or other non-halal ingredients that have not been regulated (Bachdar, 2017).

Therefore, this research aims to analyze the influence of each of the variables of halal awareness, Islamic brands, and product ingredients on purchase intentions for foreign halal products.

## 2. Theoretical Basic and Literature Review

*2.1. Theoretical: Supply Chain Management:* According to a book published by Chopra and Meindl (2013), the definition of supply chain management is the supply chain process that involves all parties directly or indirectly to meet customer demands. Supply chain includes not only producers and suppliers, but also warehouses, retailers and even customers. In organizations such as manufacturing companies and supply chains, all functions are involved in serving and fulfilling customer demands. Several stages of supply chain include; components / raw material suppliers, manufacturers, wholesalers / distributors, retailers, customers. In supply chains, product ingredients are provided by suppliers. Brands as labels of products are made by companies or distributors. And, halal awareness comes from customers.

*Halal Awareness:* Awareness reflects the first stage of the buying process, in which consumers begin to know the product. Without any previous product knowledge, there is a relatively high possibility that consumers will not buy certain products or services (Kertajaya & Ridwansyah, 2014).

*Islamic Brands:* The issue of halal branding is a hot topic to discuss. According to Kotler & Armstrong (2004) a brand represents the perceptions and feelings of consumers about

a product and everything that can be conveyed to consumers about a product or service. In line with this research, it was found that product brands have a positive influence on consumer confidence to buy and consume halal-labeled foods because the brands display the halal nature of the products (Golnaz, Zainal, & Mad-Nasir in Yunus et al., 2014).

**Product Ingredients:** In general, food purchases by consumers are closely related to individual and environmental factors such as marketing information, special situations and the nature of food including the raw materials (Golnaz, Zainal, & Mad-Nasir from Yunus et al. 2014). Therefore, the role of information, knowledge and sharia is very important for Muslims in choosing their food. In an Islamic perspective, there are a number of things to consider related to food ingredients, such as consumer familiarity with the material as well as the quality and safety of the food content. Indeed, knowledge of product ingredients is very influential in the purchasing decision making process (Ardayanti, Nashril & Helmi in Yunus et al. 2014).

*2.2. Previous research:* An analysis by Yunus et al. (2014) showed that halal awareness and product ingredients have significant influence to purchase intention, but islamic brand has not significant influence to purchase intention in Malaysia. Ambali and Bakar (2014) showed that the religious belief, exposure, certification logo, and health have significant influence to halal awareness. Alquidsi (2014) revealed new insights for policy makers, business owners/consumers or practitioners whose decisions might impact the halal logistics industry. Findings by Sukesti and Budiman (2014) showed halal label and personal religiosity significantly influence the purchase decision. An analysis by Omar (2011) found that halal animal feed, proper slaughtering and proper segregation are the three pertinent areas that need to be focused on in the halal food supply chain. And the research by Ismoyowati (2015) showed consumers considered the halal of food,

although they put it second after the food taste. The consumer's knowledge about halal seemed differ among consumer's groups, but they agreed on perception that religion as well as nutrition were factors influencing their decision to consume halal food.

### *2.3. Research Conceptual Model*

Regarding research theoretical bases and previous studies, halal awareness, islamic brand and product ingredients have influence on purchasing decision. But, there are also several research revealed that each variabel has not influence to purchase intention, such as research by Yunus et al. which revealed that in Malaysia, islamic brands does not have significant influence to purchase intention. This research has same variabels with research by Yunus et al. Although this study has similarities with the study of Yunus et al. (2014), but there are also some differences. First, this study analyzes the object of Indonesian society. Second difference is the data analysis technique used. Yunus et al.'s research, only uses Descriptive Analysis, but this study uses Descriptive Analysis and Multiple Linear Regression.

A framework of the author's thoughts is also used as the basis to strengthen the indicators behind the research. Supply chain is a process that directly or indirectly involves all parties to meet customer demands, starting from the manufacturing / production process to the stage when the goods or services are received by consumers. In addition, supply chain is also about making decisions on who will carry out certain supply chain activities such as production, storage, transportation, or information management. By utilizing the development of information technology, the researchers are interested in researching problems regarding foreign halal products. In this study, foreign producers are the problem. This is the advantage of this study compared to 6 previous ones.

From all the existing research, there is one adopted for this study entitled "Foreign Halal Packaged Products that Influence the

Purchase Intention," written by Yunus et.al, It discusses public perceptions about foreign products with a framework.

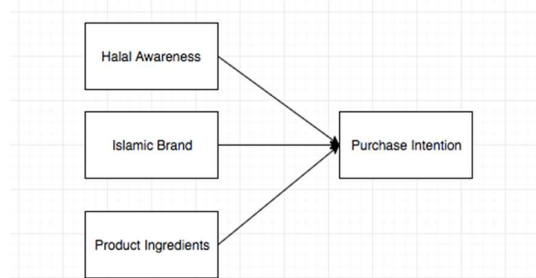


Figure. 1. The Conceptual Model (source: research theoretical foundation)

Based on the research conceptual model, the following questions are raised and the researcher sought to answer them:

The main question 1: Is halal awareness has a positive influence on the purchase intention of halal packaged food?

The main question 2: Are islamic brands have a positive influence on the purchase intention of halal packaged food?

The main question 3: Are product ingredients have a positive influence on the purchase intention of halal packaged food?

### 3. Methodology

This research uses quantitative method and bernoulli sampling. With  $(\alpha) = 10\%$ , the minimum number of respondents is 97. Data was collected using questionnaires distributed in the form of Google docs and filled by 107 respondents. They were asked to answer whether the predetermined factors affected their decision to buy halal packaged food. Meanwhile, the use of Bernoulli sampling was due to the need of obtaining sufficient and accurate information within the specified time limit. This research uses Bernoulli sampling because the size of the existing population cannot be known with certainty (Indrawati, 2015).

This study was measured using a Likert scale and translated into indicator variables. Then the indicator was used as a starting point to arrange instrument items in the form of statements or questions. The answers to each instrument used a Likert scale, number 1 means strongly disagree and number 5 means strongly agree (Sugiyono, 2013). The population in this study are Indonesians who consume packaged food distributed in Indonesia.

In this study, Descriptive Statistics and Multiple Linear Regression were selected as data analysis techniques applied in the Statistical Product and Service Solution (SPSS) version 23.0. The researchers used Multiple linear regression to analyze the relationship between each independent variable (halal awareness, Islamic brands, and product ingredients) to the intention to buy foreign packaged products. The reliability test results show that Islamic brands have the highest value of 0.891.

### 4. Finding and Discussion

#### a. Characteristics of Respondents

Analysis of the respondent's background included asking whether they have ever used the product as well as identifying their gender, job, and income.

#### 1. Experience in Using Foreign Halal Packaged Products

		Foreign Product Use Experience			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	3	2.8	2.8	2.8
	Yes	104	97.2	97.2	100.0
	Total	107	100.0	100.0	

The result shows that only 3 out of 107 respondents or 2.8% who have never used foreign products, while the remaining 104 respondents or 97.2% have used products from abroad. Based on gender, 50 respondents or 46.7% are women and 57 respondents or 53.3% are men. Based on job, the majority of 27.1% are students, 22.24% are employees, then 16.8% are employees of State-Owned Enterprises (BUMN) and the remaining 16.8% are entrepreneurs. And, based on monthly income, 42.1% of respondents are those who earn IDR 2,000,000 - IDR 5,000,000, while the remaining 34.6% are those with income above IDR 5,000,000.

**b. Descriptive Analysis**

1. Halal Awareness

Table 2.  
*Halal Awareness (HI)*

	Statistics					
	HA1	HA2	HA3	HA4	HA5	HA6
Valid	107	107	107	107	107	107
Missing	0	0	0	0	0	0
Mean	4.60	4.77	4.70	4.74	4.23	4.34
Std. Deviation	.564	.576	.586	.502	1.069	1.046

The Halal Awareness variable has an overall mean value of 4,563 which indicates that it is good. The highest mean among the variable dimensions is that all people agree to be aware of halal due to religious obligations (m = 4.77). Then, the second highest mean (m = 4.74) is that respondents consider it important to know the production process of halal packaged food. The respondents also agreed with Food Hygiene and safety (m = 4.70) and were aware of halal status (m = 4.60). Only a few of the respondents cared about international halal packaged food products (m = 4.34) and felt it was important to know how halal packaged food products were processed.

2. Islamic Brands (IB)

Table 3.  
*Islamic Brands*

	Statistics				
	IB1	IB2	IB3	IB4	IB5
Valid	107	107	107	107	107
Missing	0	0	0	0	0
Mean	3.71	3.58	3.38	3.35	3.17
Std. Deviation	1.028	1.099	1.226	1.190	1.349

The results of respondents' responses regarding Islamic brands have a mean of 3,348 which indicates that this variable has a moderate value. Most respondents agreed that brand is a vital element (m=3.71). Respondents also agreed that they buy halal packaged food due to the brand (m = 3.58) and Islamic brands influence their trust in buying halal packaged food (m = 3.38). And, only a few respondents agreed to consume halal packaged food products with Islamic brands (m = 3.35) and other respondents thought that Islamic brands do not guarantee the Halalness of halal packaged food products (m = 3.17).

3. Product Ingredients (PI)

Table 4.  
*Product Ingredients*

	Statistics					
	PI1	PI2	PI3	PI4	PI5	
N	Valid	107	107	107	107	107
	Missing	0	0	0	0	0
Mean		4.04	4.38	3.76	4.18	4.19
Std. Deviation		.889	.760	1.071	.856	.870

The response results about Product Ingredients have a mean of 4.11 which indicates that this variable has a good value. The majority of respondents agreed that information about product ingredients is very important (m = 4.38). The respondents also agreed that product ingredients reflect the

quality (m = 4.19) and security (m = 4.18) of halal packaged food products. Some respondents agreed that familiarity with product ingredients affects their purchase intentions (m = 4.04) and unfamiliar ingredients could raise suspicion in terms of "Halalness" (m = 3.76).

4. Purchase Intention (PU)

Table 5. Purchase Intention

		Statistics		
		PU1	PU2	PU3
N	Valid	107	107	107
	Missing	0	0	0
Mean		3.61	4.21	3.94
Std. Deviation		1.079	.962	.920

The response concerning purchase intention variable has the mean value of 3.92, which indicates the probability of buying halal packaged food products is very high (m = 4.21). The respondents also considered buying halal packaged food made by Non-Muslim manufacturers (m= 4.19). Meanwhile, several others intend to buy halal packaging from Non-Muslim producers (m = 3.61).

c. Multiple Linear Regression

The explanation above has illustrated that there is a high correlation between the variables of Halal Awareness and Purchase Intention (r = 0.324, p = 0.00). However, the variables of product ingredients and Islamic brands have a small significance level or below 0.3, namely r = 0.288, p = 0.008 for Islamic brand values and r = 0.253, p = 0.000 for the value of product ingredients.

Systematic model for multiple linear regression

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Y = Purchase Decision

X1 = Halal Awareness

X2 = Islamic Brand

X3 = Product Ingredients

b1, b2, b3 = Regression Coefficient

e = error

a = constants

Partial Regression Coefficient Test (T Test)

Table 6. Partial Regression Coefficient Test

	Unstr andar ized B	Statistics		Collinearity Statistics Tolerance VIF	
		t	Sig		
N (Con stant)	1.513	2.542	.013		
HA	.335	2.327	.022	.742	1.348
IB	.178	2.190	.031	.882	1.133
PI	.079	.551	.583	.697	1.434

Based on table 6, HA means halal awareness, IB means islamic brand, and PI means product ingredients. It can be seen that halal awareness has a t<sub>count</sub> of 2.327 with a Sig value of 0.022. This shows that the t<sub>count</sub> is greater than the t<sub>table</sub> value of 1.659 and the Sig value is less than 0.05. Thus, Ho is rejected and Ha is accepted. This means that halal awareness variable has a significant influence on purchase intention.

Meanwhile, Islamic brands variable has t<sub>count</sub> of 2.190 with a Sig value of 0.031. This indicates that the t<sub>count</sub> is greater than the t<sub>table</sub> value of 1.659 and the Sig value is smaller than 0.05. Thus, Ho is rejected and Ha accepted. This means that the Islamic brand variable has a significant influence on purchase intention. Lastly, product ingredients. The variable of Product ingredients has t<sub>count</sub> value of 0.551 with a Sig value of 0.583. This indicates that the t<sub>count</sub> value is smaller than the t<sub>table</sub> value of 1.659 and the Sig value is greater than 0.05. Thus, Ho is accepted and Ha is rejected. This means that the variable of product ingredients does not have a significant influence on purchase intention.

Based on the results of the descriptive analysis, the highest mean of Halal Awareness (HA) is 477 in the HA2 dimension, namely halal awareness is due to compliance with religious rules. Conversely, the lowest mean is for the variable dimension of HA5 which states that knowing the process of packaging

halal products is important. Due to the lack of transparency, the process of packaging halal products has not really been understood by the public and they have not yet realized the importance of it. The dimensions of the Islamic Brands (IB) variable have an overall mean value of 3.71 which illustrates that according to respondents, product brands are an important element in the production process. The lowest mean score in the dimensions of Islamic brands is IB6, the variable is not able to show the halal nature of halal packaged food products because some respondents did not realize that the halal status of Islamic brands is displayed on the product packaging.

The highest mean in the Product Ingredients (PI) variable is PI2 with a value of 4.38, i.e. Information about the raw material of the product is very important for respondents. Conversely, the smallest mean belongs to PI4 with a value of 3.76; the use of unfamiliar materials raises suspicion and doubt about the halal nature of the product. The use of unknown materials may be illegal. The highest number in the purchase intention variable is in the PU2 dimension with a mean of 4.21 which means that respondents have the possibility to consider buying halal food products at high prices. Conversely, the lowest variable dimension is owned by the PU1 with a mean of 3.61, meaning the respondents do not have the intention to buy halal packaged food products from foreign producers because of certain factors.

Regression analysis was used as a tool to test hypotheses and the results showed that halal awareness variable has a significant influence on purchase intention, Islamic brands variable has a significant influence on purchase intention, but product ingredients variable has no significant influence on purchase intentions.

Meanwhile, the results of the descriptive analysis of suspicious foreign halal product ingredients has supported the results of regression analysis that product ingredients

do not affect purchase intentions. However, some respondents do not consider foreign halal ingredients to be suspicious because they think that Islamic brands and halal awareness are more important for their intention to buy food products than an ingredient information label on the packaging.

## 5. Conclusion

Based on all partial data, the variable of product ingredients does not significantly influence purchase intention. This is because respondents do not care about the product ingredients written on the packaging. The respondents buy halal food products based on their awareness and brand displayed on the halal product packaging. They will still buy products familiar with them even without reading the product ingredients on the packaging. Future research can also use this model empirically for other types of industries. The results of this study have revealed that awareness and brand are the most influential on purchase intention. Therefore, companies, especially foreign companies that sell products in Indonesia must focus on brands and awareness of halal products that are clearly visible from the packaging.

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