

THE EFFECTS OF HALAL (PERMISSIBLE) FOOD LABELING ON ISLAM CUSTOMER PURCHASE DECISION IN SOLARIA RESTAURANT MANADO

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ABSTRACT

Emphasis on the importance of halal products is now growing. It is fast becoming a new market force and brand identifier and now moving into the mainstream market, affecting and changing perception on how business should be conducted, including from the marketing point of view. An associative research method with analytical technique is Multiple Linear Regression to examine the effects of independent variable (halal awareness, halal certification, food quality and marketing promotion) on the dependent (purchase decision). The data was collected through questionnaires survey that was distributed with convenience sampling method and multiple regression analysis. The sample consisted of 100 respondents from Manadonese who purchase twice in Solaria Restaurant Manado town square. The result shows halal awareness, halal certification, food quality and marketing promotion influence purchase decision simultaneously but not partially because halal awareness has no significant influence on purchase decision. This study provides insights into how customers behave in purchasing halal products.

Keywords: *awareness, certification, food quality*

INTRODUCTION

Research Background

Nowadays Indonesia has flourished with the emergence of various franchise, food franchising business in Indonesia is growing up very fast. Factors that urge the growth are the specific characteristics of franchise itself, the rise of market demand, the availability of skilled labor, the high of return on investment and the internal factors such as the motivation, personality and the changing life style. In modern times as now, many people died at a young age with a variety of complications of the disease. According to WHO, 70% of premature deaths caused by heart disease, stroke, cancer and diabetes. Half of this amount related to poor diet. So it can be concluded that the definition of a healthy lifestyle in the modern diet is the main trigger for the onset of degenerative diseases such as cancer, heart attack, stroke and so on. There are several modern diets which are not in accordance with the understanding of healthy lifestyles such as eating too many carbohydrates and fats. Therefore there are also people, who avoid foods that are considered not well for health. This also makes a marketing opportunity for any actor who wants to open a new restaurant.

Today, the *halal* logo (حلال) on products is no longer just purely a religious issue. It is becoming a global symbol for quality assurance and lifestyle choice in the realm of business and trade. *Halal* is an Arabic term meaning "permissible". In English, it most frequently refers to thing that is permissible according to Islamic law. In the Arabic language, it refers to anything that is permissible under Islam. Muslim communities around the world have formed a potential market segment due to their specific patterns in consuming a product. This consumption pattern is set in the teachings of Islam are called *Shariah*. In the teachings of *Shariah*, is not allowed for Muslims to consume certain products because they contain a substance or process that accompanies it is not in accordance with the teachings of the *Shariah*. Given strict rules the marketers have barriers and an opportunity to target specific markets of the Muslims community.

Certification *halal* products will be seen as a powerful tool to face increasingly stringent product competence in this era. The existence of halal certification will foster confidence for consumers against products offered. Certification as a form of guarantee that reliable as issued by MUI (Majelis Ulama Indonesia), the marketers must be upgrading the competitiveness product one of that is the *halal* certification. Because of that certification can be a reference as the product quality. In the face of competition not only cheap price but also about the quality of the product, with the certification the resulting added value of products offered to the consumers. Islam is the dominant religion in Indonesia, which also has a larger Muslim population than any other country in the world, with approximately 202.9 million identified as Muslim (88.2% of Indonesia's total population of 237 million). For Muslims, *Halal* certification convinced them to buy products that have been prepared according to religious requirements set by Islamic teachings. Because of this matter Islam people becoming a big target.

Franchising is the practice of leasing for a prescribed period of time the right to use a firm's successful business model and brand. Franchise is an alternative to building "chain stores" to distribute goods that avoids the investments and liability of a chain. The franchisor's success depends on the success of the franchisees. Success as a franchisee will depend upon access to business knowledge for your franchise. A good franchise opportunity will provide a full level of support to allow owners to succeed. Support should include: employee training, marketing, management, access to capital, how to run the daily operations, field support staff with frequent availability. Solaria is the one franchise located inside the mall, you can easy to find this restaurant without have to go outside while you are in shopping.

In north Sulawesi, Solaria is the one of many famous fast food restaurants. Located inside of the mall give a luck apart for solaria itself, because when a people inside the mall gets hungry they no need to go outside to looking for other fast food restaurant. This is a solaria strategy that how they put their self into the crowded. Solaria is the one of favorite restaurants in Manado, served a lot of menu to make solaria become superiority restaurant. Manado town square is the favorite hangout for Manadonese especially for teenagers and family. People in Manado usually interest to restaurant that has many kinds of food, beside cheap strategic location also supporting the restaurant.

Research Objectives

The research aims to examine to analyze:

1. The simultaneously significant difference of *halal* awareness, *halal* certification, food quality and marketing promotion on Purchase *halal* Products in Solaria Manado
2. The partial significant difference of *halal* awareness on purchase *halal* products in Solaria Manado
3. The partial significant difference of *halal* certification on purchase *halal* products in Solaria Manado
4. The partial significant difference of food quality on purchase *halal* products in Solaria Manado partially
5. The partial significant difference of marketing promotion on purchase *halal* products in Solaria Manado

THEORETICAL FRAMEWORK

Theories

Marketing

Marketing is the strategies in business, through the exchange product that companies create, in order to get profit from their customer. Kotler, et al (2005:5) defined marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging value with other. In a narrower business context, marketing involves building profitable, value-laden exchange relationship with costumers. Marketing as the process by which companies create value for customers and building strong relationship in order to capture value from customers in return.

Consumer Decision

Solomon (2006:6) defined "Consumer behaviour is the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires.". Schiffman and Kanuk (2007:4) take a similar approach in defining consumer behaviour: "the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs".

Purchase *halal* product

To protect the rights of Muslim consumers to obey their commandment in consuming only *Halal* products, certification institutions emerged in several countries around the world to provide certifications to different food, drinks and medicine products that it is free of *haram* components. One such institution emerged in Indonesia, under the MUI (Indonesian *Ulama*' Assembly), called LPPOM-MUI (www.halalmui.org, 2014).

Halal Awareness

Berry (2000:36) *Halal* can be defined as permitted or allowed to Muslim. Except for pork and it's by products, and some certain products, most meat and vegetables are considered *Halal*. *Halal* also means the product is permitted under Syarie Law or Laws from either one of the following jurists; Maliki, Hambali and Hanafi. In Islam food and products can be divided into nine categories between Halal and Haram; Mashbooh and Makrooh falls in between Berry (2000:247) The Halal product has to follow the conditions which the ingredients or components do not contain any parts from animal that is not Halal to be eaten or used by the Muslims.

Halal Certification

Nassir and Shahira (2010) stated that having a *Halal* logo or certificate in today's globalized world is a must in order to cater for all Muslim needs. Hellier *et al.* (2003) found that customer- purchase intention studies highlighted the role of factors such as service quality, equity and value, customer satisfaction, past loyalty, expected switching cost and brand preference. Huddleston *et al.* (2001) stated that consumers are buying products based on the price and quality, and to a lesser degree, on the country of origin.

Marketing Promotion

Bakhtaie and Gholchinfar (2006) defined marketing promotion as physical, emotional, and mental activities which are used by people in choosing, buying and leaving a product to supplying and satisfying their needs. Roosta, *et al.* (2004) defined all of the promotional activities should be recognized as secondary system in marketing system and during the study of company systems.

Previous Research

Aziz and Vui (2012) explained that halal awareness, halal certification, marketing promotion, and brand were positively related to purchase intention, whereas food quality was negatively associated with it. Hussin *et.al* (2013) found that all product factors are significantly correlated with purchase intention. The results further indicate that advertising is a mediator for price-purchase intention relationship, but not a mediator to other product factors-purchase intention relationships.

Conceptual Framework

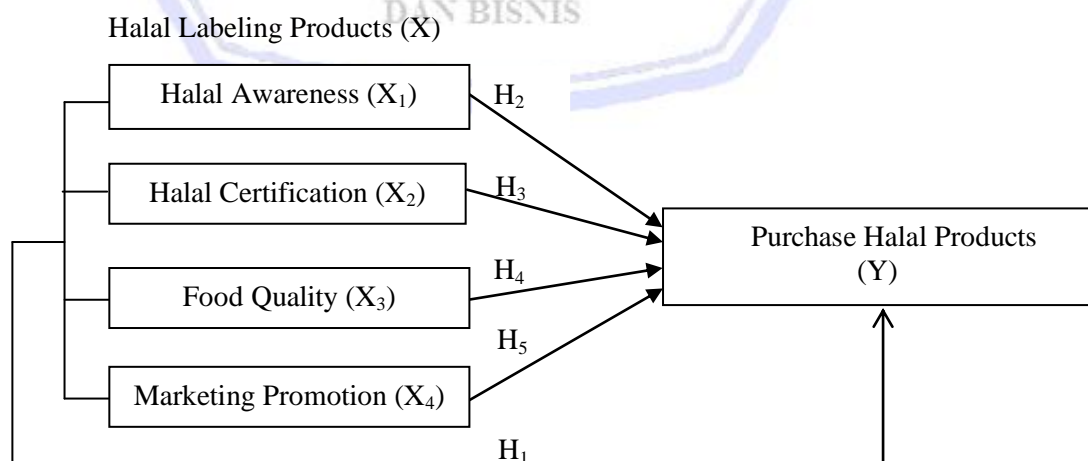


Figure 1 Conceptual Framework

Source: data processed, 2014

Research Hypothesis

The hypotheses of this research are:

- H₁: *Halal* awareness, *halal* certification, food quality and marketing promotion have significant influence on purchase *halal* products in Solaria Manado simultaneously.
- H₂: *Halal* awareness has significant influence on purchase *halal* products in Solaria Manado partially
- H₃: *Halal* certification has significant influence on purchase *halal* products in Solaria Manado partially
- H₄: Food quality has significant influence on purchase *halal* products in Solaria Manado partially
- H₅: Marketing promotion has significant influence on purchase *halal* products in Solaria Manado partially

RESEARCH METHOD

Type of Research

In this study the research used a type of causal study where it investigated the influence of *halal* (permissible) food labeling on Islam customers purchase decision in Solaria restaurant Manado.

Place and Time of Research

The located of this study was in Manado City, North Sulawesi, Indonesia and conducted in International Business Administration, Faculty of Economics and Business, Sam Ratulangi University between June to July 2014. The object of this research is the customers' solaria restaurant Manado.

Population and Sample

The population is mainly observed in this current research are Solaria customers'. The number of respondents was taken to be processed only about 100 respondents (Slovin sample) which purchase solaria product more than two times.

Data Collection Method

In this researcher data collection method is used with way survey method, survey method is method for collecting primary data that needed communication between researcher and respondent, the one way for collect data with this method is with questionnaire. A good way to collect data is to personally administer the questionnaires Sekaran and Bougie (2009:197).

Operational Definition and Measurement of Variables

Operational definition of research variables are:

1. *Halal* Awareness (X₁) *Halal* means permitted, allowed, lawful, free of substance from forbidden (Haram) animals, not containing filthy substances according to Islamic law, not prepared using equipment which are not free from filthy substances.
2. *Halal* Certification (X₂) is not just a religious requirement. This standard in general is the guidelines on production, preparation, handling and storage of *halal* food products has been gazette by government in order to gain the *halal* certification, manufacturers must stick on to strict cleanliness and quality controls.
3. Food Quality (X₃) is the quality characteristics of food that is acceptable to consumers. This includes external factors as appearance (size, shape, color, gloss, and consistency), texture, and flavor; factors such as federal grade standards and internal (chemical, physical, microbial).
4. Marketing Promotion (X₄) as the key marketing element, promotion comprises communications tactics used to educate consumers, increase demand, and differentiate brands. Promotion is one of the primary elements used in the marketing mix.
5. Purchase *halal* Product (Y) is the consumer's final decision base on consumers' expectations to know what the benefits of the *halal* product itself.

Data Analysis Method

Validity and Reliability

Validity is a test of how well an instrument that is developed measure the particular concept it is intended to measure. Validity is the level extent to which of precision and accuracy of measuring instrument to perform the functions of measuring in this study is the questionnaire. Reliability test is established by testing for

both consistency and stability of the answer of questions. Cronbach's alpha is a reliability coefficients that indicate how well the items in a set are positively correlated to one another Sekaran and Bougie (2009:324). The data of research is said to be reliable if cronbach's alpha is more than or equal with 0,6.

Multiple Regression Analysis Models

Multiple Regressions is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval scaled dependent variable. Once gathered the data from the field, the next step to analysis the data and solving the problem using Multiple Regression Method, it also to test the hypotheses that have been stated. The data then inserted into the statistical tools SPSS version 20.0. This method has been chosen to measure the influencet of halal awareness, halal certification, food quality and marketing promotion on purchase solaria product.

RESULT AND DISCUSSION

Result

Validity and Reliability Tests

By comparing correlation index in Pearson Product Moment with significance level of 1%, it can be seen valid or not a research instrument. If probability of correlation is less than 0.01 (1%) then the research instrument is stated as valid. Based on the correlation table, all of the Item-to-total correlation (Column Y) value is >0.01 , which indicates that the data for variable Y is valid. The minimum value of Croncbach Alpha must be 0.6 or it is better if the value is above 0.6. The reliability statistics table shows the value of Croncbach Alpha is 0.730. It means the instruments used in this research is accurate and can be trusted.

Table 1. Reliability Statistics

Cronbach's Alpha	N of Items
.844	5

Source: data processed, 2014

Classical Assumption Test

Table 2. Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
X ₁	.423	2.365
X ₂	.422	2.372
X ₃	.745	1.343
X ₄	.641	1.561

a. Dependent Variable: Y

Source: data processed, 2014

The tolerance value of halal awareness is 0.423, halal certification is 0.422, food quality is 0.745, and marketing promotion is 0.641, which are more than 0.20. The VIF value of halal awareness is 2.365, halal certification is 2.372, food quality is 1.343, and marketing promotion is 1.561, which are less than 10. The result of the tolerance and VIF value shows that this research is free from multicollinearity.

Heteroscedasticity

Heteroscedasticity occurs if there are dots which form a certain pattern regularly as waves. Homoscedasticity occurs if there are no certain patterns which are clear, and the dots spread above and below the 0 the Y-axis. The patterns of the dots are spreading and the dots are spreading above and below the zero point of Y-axis. So, there is no heteroscedasticity in this regression.

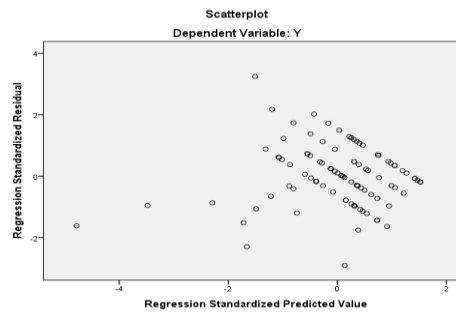


Figure 2 Heteroscedasticity Test Output
 Source: *Theoretical Review 2014*

Normality

Normality test can be identifying by using graph of P-P Plot. The data will distribute normally if the value of P-P Plot is near diagonal line of the graph. The dots are spreading near the diagonal line and follow the direction of the diagonal line. Therefore, the data is distributed normally.

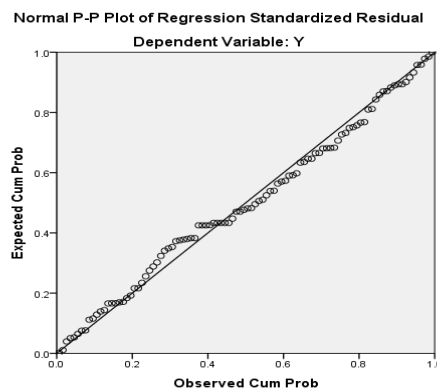


Figure 3 Normality Test Output
 Source: *Theoretical Review 2014*

Multiple Regression Analysis

Table 3. Multiple Regression Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.119	1.183		.100	.920
X ₁	.079	.086	.095	.920	.360
X ₂	.351	.100	.363	3.514	.001
X ₃	.419	.094	.346	4.458	.000
X ₄	.161	.090	.150	1.786	.077

a. Dependent Variable: Y
 Source: *data processed, 2014*

The interpretation of the equation as follows:

$$Y = 0.119 + 0.079 X_1 + 0.351 X_2 + 0.419 X_3 + 0.161 X_4$$

1. Constant value of 0.119 means that if the variables in this research of *halal* awareness, *halal* certification, food quality and marketing promotion simultaneously increased by one scale or one unit will increase the Islam Customers Purchase Decision in Solaria restaurant of 0.119.

2. Coefficient value of 0.079 means that if the variables in this research of *halal* awareness increased by one scale or one unit it will improve and increase the Islam Customers Purchase Decision in Solaria restaurant of 0.079.
3. Coefficient value of 0.351 means that if the variables in this research of halal certification increased by one scale or one unit it will improve and increase the Islam Customers Purchase Decision in Solaria restaurant of 0.351.
4. Coefficient value of 0.419 means that if the variables in this research of food quality increased by one scale or one unit it will improve and increase the Islam Customers Purchase Decision in Solaria restaurant of 0.419.
5. Coefficient value of 0.161 means that if the variables of marketing promotion increased by one scale or one unit it will improve and increase the the Islam Customers Purchase Decision in Solaria restaurant of 0.161.

Table 4. Table R and R2

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757 ^a	.573	.555	1.39848

a. Predictors: (Constant), X₄, X₃, X₂, X₁

b. Dependent Variable: Y

Source: data processed, 2014

The coefficient of correlation is defined by (R) 0.757, indicating that the Correlation of *Halal* awareness, *Halal* certification, Food quality and Marketing promotion on Purchase *halal* Products in Solaria restaurant has a strong relationship. Purchase *halal* product (Y) is influenced by power *Halal* awareness, *Halal* certification, Food quality and Marketing as much as 57% while the rest 43% is influenced by other factors.

Hypothesis Testing

Table 5. F-test Result

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	248.953	4	62.238	31.823	.000 ^b
Residual	185.797	95	1.956		
Total	434.750	99			

a. Dependent Variable: Y

Source: data processed, 2014

By using the level of significant of 0.05 ($\alpha = 0.05$) and degree of freedom (df) = 4; found: 31.823 Therefore H₀ is rejected and accepting H_a. Thus, the formulation of the hypothesis that The Influence of *Halal* awareness, *Halal* certification, Food quality and Marketing promotion on Purchase decision in Solaria Restaurant, accepted.

Table 6. T-test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.119	1.183		.100	.920
X ₁	.079	.086	.095	.920	.360
X ₂	.351	.100	.363	3.514	.001
X ₃	.419	.094	.346	4.458	.000
X ₄	.161	.090	.150	1.786	.077

c. Dependent Variable: Y

Source: data processed, 2014

Table 6 shows the t_{value} for each independent variable. The t_{value} of halal awareness (X_1) = 0.920 and $t_{\text{table}} = 1.660$. It means $t_{\text{value}} < t_{\text{table}} = 0.920 < 1.660$. Thus, H_0 is accepted and H_a is rejected. Halal awareness has no significantly influences purchase decision. The t_{value} of halal certification (X_2) = 3.514 and $t_{\text{table}} = 1.660$. It means $t_{\text{value}} > t_{\text{table}} = 3.514 > 1.660$. Thus, H_0 is rejected and H_a is accepted. Halal certification significantly influences purchase decision. The t_{value} of food quality (X_3) = 4.458 and $t_{\text{table}} = 1.660$. It means $t_{\text{value}} > 1.660$. Thus, H_0 is rejected and H_a is accepted. Food quality significantly influences to purchase decision. The t_{value} of marketing promotion (X_4) = 1.786 and $t_{\text{table}} = 1.660$. It means $t_{\text{value}} > t_{\text{table}} = 1.786 > 1.660$. Thus, H_0 is rejected and H_a is accepted.

Discussion

Halal Awareness

The statistic analysis (correlation) showed that halal awareness had a relationship to purchase decision., but base on the hypothesis testing showed this variable has no significant influence to purchase decision. It means that this variable is not affect people to purchase halal product. There are still many people is not aware the important to know the meaning of halal according to Islam law.

Halal Certification

Statistic analysis found that this variable has positive association to purchase decision. The hypothesis testing showed the result that halal certification significantly influences to purchase decision. Halal certification for Islam is a standard guideline on production, preparation, handling, and storage of halal food products has been gazette by government.

Food Quality

The statistic analysis showed food quality had a very strong positive association to purchase decision. The hypothesis testing showed the result that food quality is the most influencing factor that influences to purchase decision. It means that almost all respondent agree that food quality can increase the interest of customers purchase decision in solaria restaurant.

Marketing Promotion

Statistic analysis showed that marketing promotion has positive association to purchase decision. The hypothesis testing showed the result that marketing promotion significantly influences purchase decision. It means that this variable is affecting people to purchase halal product. To start with, it is stated in this research about the most noteworthy impact from Halal awareness, Halal certification, Food quality and Marketing promotion to the increasing or the decreasing of the Islam Customer Purchase decision in Solaria Restaurant and the least substantial affect from Halal certification, Food quality and Marketing promotion to the changing of the only dependent variable in this current study.

CONCLUSION AND RECOMMENDATION

Conclusion

There are three constructive findings that can be concluded from the overall result in this research, which are listed as follow:

1. There are positive association effects between halal certification, food quality and marketing promotion on Islam customers purchase decision in solaria restaurant.
2. Food quality is the most influencing variable that significantly influence customers purchase decision in solaria restaurant.
3. All independent variables influences customers purchase decision in solaria restaurant simultaneously but not partially because halal awareness has no significant influences to purchase decision in solaria restaurant.

Recommendations

There are two practical recommendations that can be concluded from the overall result in this research, which are listed as follow:

1. The owner and management parties from Solaria Restaurant must consider about the importance of *Halal* awareness, *Halal* certification, and Food quality and marketing promotion for the customers purchase decision, regarding with it in advanced.
2. The other hand, the owner and management parties from Solaria Restaurant also evaluate other important factors that affect the customers purchase decision, regarding with the continuity of Solaria Restaurant in the future.

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