

# **THE INFLUENCE OF HALAL LABEL, PRICE, AND INGREDIENTS ON PURCHASING DECISION OF COSMETICS PRODUCT**

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## **ABSTRACT**

This study aims to examine and find out: (1) The effect of halal labels on consumer purchasing decisions for cosmetic products. (2) The effect of product prices on consumer purchasing decisions for cosmetic products. (3) Effect of ingredients on consumer cosmetics products' buying decisions. This research is a survey research. The population in this study were students of Yogyakarta Muhammadiyah University, UIN Sunan Kalijaga Yogyakarta, and Indonesian Islamic University. The sample of this study was determined by the Slovin sampling technique of 400 people. The questionnaire trial consisted of validity testing using the Product Moment method and reliability testing using Cronbach's Alpha method. The analysis technique in this study uses a descriptive analysis method and multiple linear regression analysis. The results showed that: (1) the halal label had a positive effect on purchasing decisions, this was evidenced by the significant value of t count is 0,000, which means ( $\text{sig} < 0.05$ ), (2) the price of the product affected positive towards the purchase decision, with the significant value of t count is 0.000, (3) ingredients has a positive effect on the purchase decision, with the significant value t count is 0.000, and (4) halal label, price and ingredients have a positive effect on purchasing decisions, this is evidenced by the significant of F count is 0,000.

**Keywords:** Cosmetics, Halal Label, Price, Ingredients, Purchasing Decision.

## **Introduction**

Cosmetics is one of the most important needs which is not limited for women only but also for men in this nowadays world. However, the understanding and standard definition of cosmetics are not conclusive yet so it will most likely end in a confusion. Regulation of the Minister of Health of Republic of Indonesia Number. 455/ Menkes/ Per/ V/ 1998 defined cosmetics as preparations or alloys of ingredients that are ready to be used on the outside of

the body, teeth and oral cavity to cleanse, increase traction, protect in order to remain in good condition, improve body odor but are not intended to treat or cure an illness. Therefore, cosmetics can cover all treatments used on the skin, eyes, mouth, hair or nails such as soap, shampoo, skincare, and other similar products.

Currently, the development of cosmetics in Indonesia is experiencing an increasing trend. It can be seen from the data of the Ministry of Industry that shows an increase in cosmetics sales in 2012 by 14% (equal to IDR 9.76 trillion) from the previous amount which is IDR.8.5 trillion. The increase in cosmetics sales in Indonesia indicates that the use of cosmetics has become a trend among women in society. Using cosmetics is seen as an effort to become more appealing referring to the social standard.

In an article released by the Business Industry in 2017, the Ministry of Industry noted that the potential of the domestic cosmetics industry was supported through the strength of around 760 companies spread throughout Indonesia. The industry absorbs 75,000 direct workers and 600,000 non-direct workers. With the support of cosmetics companies in Indonesia, the cosmetics industry is growing more rapidly.

Cosmetics trends in Indonesia have resulted in the emergence of many types of cosmetics from many brands and are available in almost all shopping centres until grocery stores. The consumer's preference in choosing cosmetics is also different among one another are also different, so consumers will buy cosmetics that suit their body needs. It, definitely, becomes an important consideration for cosmetics producers and manufacturers to meet the needs of their targeted consumers. Due to the diverse demands of cosmetics, many producers come to market and create their own brand, starting from local until imported brands from other countries.

Indonesia a Muslim majority country, value of halal aspect as critically important according to religious law. The Halal label makes consumers in Indonesia believe and feel safe to use cosmetic products as daily consumption because it is safe and does not violate the Shari'a principle in Islam. Muslim consumers can ensure which products they are allowed to consume, namely products that have a halal label on their packaging. It informs users that the product is already confirmedly halal and the ingredients do not contain elements that are prohibited by Islamic law. So that the product can be consumed.

Beside the halal label, there are other aspects which need to be considered and influence consumers to purchase the cosmetics product. This is approved by the research which conducted by Sigma Research Indonesia that study 1200 Indonesian women with an age group of 15-55 years. The research revealed that there are several factors considered by women in buying cosmetic products. The biggest factor is the compatibility of formula on facial skin (79.4%), then followed by durable products (67.4%), lightweight formula (62.2%), and the choice of color, halal, and price by the percentage each is above 50%.

According to the background explanation, this research studies about product halal label, price and ingredients. This is also supported by the student's experiences on using non halal product that are not guaranteed, either in terms of the main raw materials, manufacturing processes, and auxiliary ingredients in the cosmetics, or either using cosmetics because the price is just affordable. To obtain clearer information and scientific evidence on how the influence of halal labels, prices, and ingredients on purchasing decisions on cosmetic products, it is necessary to conduct scientific research. hence, the author will set research by making the students from Yogyakarta Muhammadiyah University, Islamic State University (UIN) Sunan Kalijaga, and Indonesian Islamic University as research population

## **Literature Review**

### **A. Consumption**

Consumption, in general, is the use and use of goods and services such as clothing, food, beverages, homes, household appliances, vehicles, entertainment equipment, print and electronic media, legal consulting services, health consulting services, learning/courses, and so forth (Hidayat, 2010). Thus, the subject of consumption is not only related to food and drinks that are often used as daily activities, but consumption also includes the utilization or utilization of everything that humans need. Even so, the majority of people more often identified with food and drink.

### **B. Halal**

Halal comes from the Arabic language *حلال* which means legal or permitted, halal is one part of Islamic law. Obesity is very important and major for Muslims in the world because of its relationship with Allah SWT. The halalness is stated in the Holy Qur'an verse which reads:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

O people eat from halal and good food contained on earth and do not follow the steps of Satan. Indeed, Satan is a real enemy for you" (Qur'an, 2: 168)

#### C. Price

In a product contained economic value in general called price. According to (Tjiptono.1997: 157). Price is the value stated in rupiah. In other cases, the price is defined as the amount paid by the buyer. In general, the seller has several goals in determining the price of his product.

#### D. Purchase Decision

In general, consumers' purchasing decisions are the most preferred brand, but two factors can be between purchase intentions and purchase decisions. The first factor is the attitude of others. The second factor is unexpected situational factors. Consumers may form purchase intentions based on factors such as income, expected prices, and product benefits. However, unexpected events can change purchase intentions.

#### E. Halal Cosmetics

Definition of cosmetics is any treatment that is applied to the skin, eyes, mouth, hair or nails which aims to cleanse, improve appearance, provide a refreshing aroma, or provide protection against the skin. The cosmetic products that women commonly use are skincare, body & oral care cosmetics, makeup, hair care, and fragrance (Saqib Ali et al, 2016). Lately, cosmetics have become an important daily necessity for women in Indonesia. In the beauty industry in Indonesia, cosmetic companies continue to increase sales by creating beauty products with halal labels because demand from consumers continues to increase.

### **Research Methodology**

This study was conducted to analyze the influence between label halal (H), price (P), and ingredients (I) towards customer purchasing decision cosmetics product (DM). The population in this study are the Student of Uiniversitas Muhammadiyah Yogyakarta, UIN Sunan Kalijaga Yogyakarta, and Universitas Islam Indonesia. The sampling technique used is a non-probability sample with purposive sampling method. Methods of data collection used through surveys or questionnaires distributed to a number of respondents. The scale used in

this study uses 4-point Likert Scale (1 = Strongly Disagree and 4 = Strongly Agree). The method of analysis in this study using multiple linear regression analysis by SPSS software.

## Findings

Surveys was conducted in this research using a questionnaire given personally to a number of respondents the population in this study were students of Universitas Muhammadiyah Yogyakarta, UIN Sunan Kalijaga Yogyakarta, and Universitas Islam Indonesia. Where the number of students from this three universities during the year of research (using adaptive) in 2019/ 2020 respectively are 29,427, 20,571 and 27,023 students. The total population for this study was found to be 77,021 students. To find the total of sample that we need, we used Slovin's formula are  $397 \approx 400$  samples.

The number of respondents is obtained from Slovin formula, which the number will be rounded to 400 samples. Afterwards, the number of respondents of each university are set according to the calculation of the percentage of the total population, those are 152, 108, and 140 respectively for UMY, UIN Sunan Kalijaga, and UII.

Here is result of validity and reability test to all question items on each research variable :

### A. Validity test

#### a. Halal label

Variable	Instrument	r count	r table	Description
Halal Label	H1	0,437	0,3008	valid
	H2	0,691	0,3008	valid
	H3	0,693	0,3008	valid
	H4	0,606	0,3008	valid
	H5	0,517	0,3008	valid
	H6	0,735	0,3008	valid
	H7	0,709	0,3008	valid
	H8	0,662	0,3008	valid

b. Price

Variable	Instrument	r hitung	r tabel	Description
Price	P1	0,423	0,3008	valid
	P2	0,450	0,3008	valid
	P3	0,617	0,3008	valid
	P4	0,376	0,3008	valid
	P5	0,532	0,3008	valid
	P6	0,623	0,3008	valid
	P7	0,671	0,3008	valid

c. Ingredients

Variable	Instrument	r hitung	r tabel	Description
Ingredients	I1	0,455	0,3008	Valid
	I2	0,569	0,3008	Valid
	I3	0,751	0,3008	Valid
	I4	0,514	0,3008	Valid
	I5	0,801	0,3008	Valid

d. Decision Purchase

Variable	Instrument	r hitung	r tabel	Description
Purchasing decision	DM1	0,707	0,3008	Valid
	DM2	0,512	0,3008	Valid
	DM3	0,778	0,3008	Valid
	DM4	0,676	0,3008	Valid
	DM5	0,872	0,3008	Valid
	DM6	0,800	0,3008	Valid
	DM7	0,727	0,3008	Valid
	DM8	0,617	0,3008	Valid
	DM9	0,721	0,3008	Valid

In this study, the amount of data used for the validity test is 43 respondents (N-43). Thus, if the formula  $df = N-2$  then  $df = 43 - 2 = 41$  with a significant level of 0.05 (5%) is 0.3008. The result of the validity test shows that the question items on the variable have the result of r-count larger than r-table. Thus, it can be concluded that all questions on the 4 (four) variables are valid or appropriate to be used as a research instrument.

#### B. Reability test

Construct	Cronbach's Alpha
Halal Label	0,753
Price	0,705
Ingredients	0,774
Purchasing decision	0,772

Based on the above table, it can be seen that all variables are reliable because the Cronbach Alpha value is greater than 0.6 and also if judged based on the value of r-table is worth 0.3008 then to the above 4 (four) variables can also be said reliable or trustworthy as a means of collecting materials research.

#### C. Multiple Regression Analysis

Dimensions	B	Beta	T	Sig.	Alpha	Descriptions
Halal Label	0,496	0,426	9,825	0,000	0,05	Significant
Price	0,184	0,168	3,576	0,000	0,05	significant
Ingredients	0,496	0,292	6,236	0,000	0,05	significant
N= 400 R = 0,783 R Square = 0,614 Adjusted R Square = 0,611 Constant = 3,435						

Based on the analysis of multiple linear regression shows that Adjusted R Square or the coefficient of determination that shows how good the regression model is formed by the interaction of independent variables and dependent variables. From the Adjusted R Square value of 0.611 or 61.1%, this figure shows that the dimensions of the halal labels (H), price (P) and ingredients (I) contributed to the purchasing decision (DM) of 61.1%.

From the results of this analysis, it is also known that the independent variables (H, P, I) have a dominant influence on product purchasing decisions (DM) are halal labels (H). This is evidenced by the Beta value of the dimension of the halal label (H) of 0.426 or 42.6% which is the biggest Beta compared to other Beta dimensions, namely the Ingredient dimension (I) of 0.292 or 29.2% of the Price dimension (P) of 0.168 or 16.8%.

Based on the results of the linear regression analysis in the table of the multiple linear regression equation is produced as follows:

$$Y = a + B_1 P + B_2 I + B_3 H$$

$$DM = 3,435 + 0,184(P) + 0,521(I) + 0,496(H)$$

This research was conducted to discuss the effect of halal labels, prices, and ingredients on purchasing decisions for halal cosmetic products. According to the survey results distributed using the online questionnaire, the result analysis and explanations are as follows;

**1. The influence of halal label, price, and ingredients together on the purchase decision of cosmetic products.**

Based on table 5.7, it can be seen that the calculated F value of 20.066 has a significant value of 0,000. This means that the halal label, price, and ingredients variables together influence the purchase decision of cosmetic product.

This research shows that many aspects that influence consumers' buying decisions, which are halal label of the cosmetic products, the price and composition contained in cosmetics. Those all are considerable for consumers. These can be one of the things that are important to be considered by local cosmetics producers so that they can continue to meet consumer demand and became more competitive to the imported cosmetic products.

The Indonesian beauty industry market is the third-largest market in Asia. Great opportunities await the beauty industry players to succeed in the international world. Indonesia's population, which is the fourth largest in the world, is considered a great opportunity in the world of beauty (Syadri, 2017). By looking at the opportunities of the



cosmetics industry that are developing so rapidly it is expected that several factors that have been mentioned by authors in this study could increase the competitive advantage for competing this industry. The inclusion of halal labels, affordable prices, commensurate with essential benefits that consumers will receive, and the concern on the ingredients used will in the manufacture of cosmetic products besides being safe it can also pay attention to the concentration of the intended consumer skin type because this will greatly influence consumers' buying decisions as the researchers have done in this study, some of these factors can be used as a reference for the Indonesian cosmetics industry.

Based on the research results, the majority of respondent's behaviour when consuming cosmetics products has been following with the principles of Islamic consumption, it can be seen that students in choosing the goods they consume are halal goods, considering the price, and paying attention to the ingredients on the cosmetic products to be purchased. This is in line with the principle of Islamic consumption in which consuming goods must pay attention to the purpose of consumption, pay attention to scientific principles, and pay attention to forms of consumption.

## **2. The effect of halal label on the Purchase Decision of Purchasing Cosmetic Products.**

From the results of the analysis, it can be seen that the halal label variable significantly influences the purchasing decision. This can be seen from the significance of the halal label of 0,000, which means it is smaller than the significance level used, which is 0.05. Halal label regression coefficient of 0.426 states that every time there is an increase in the value of halal labels by one unit, it will be followed by an increase in purchasing decisions of 0.426 which means that every 1 person who buys cosmetic products and is affected or states that there must be a halal label on the product packaging, the decision to buy cosmetic products that are affected by the halal label is 0.426. So  $H_0$  is accepted, that halal labels have a significant effect on

purchasing decisions of cosmetic products. This shows that the halal label has a positive effect on purchasing decisions.

It also indicates that the presence of halal labels on product packaging can be more convincing to the public in buying products. Based on the results of the questionnaire, many respondents or female students stated that choosing a product labelled as halal would feel satisfied, feel safe and believe in the halal and security of the product. From this perception the process by which people will choose, manage and consider the products to be consumed. After this perception arises the people's beliefs and attitudes with the halal label. And in the end, these beliefs and attitudes affect people's purchases.

This statement is supported by Philip Kotler who said that beliefs and attitudes affect individual buying behaviour. Faith is based on faith, and people have attitudes concerning religion, politics, clothing, food, and all things where attitudes put people into a frame of mind to like and or dislike something. This is also under the ethics of Islamic consumption which always refers to the basis of *halal thoyiban*, emphasizing the halal of a product where Muslim consumers tend to choose products that can provide problems.

### **3. The effect of price on the Purchase Decision of Purchasing Cosmetic Products.**

Based on the analysis, the results of this research doesn't support the second hypothesis that the price variable (P) has a positivity effect partially on the purchasing decision to buy cosmetics. This is shown by the value of the regression coefficient P of 0,168 states that each price of 1 unit will increase the purchase decision of 0,168 units. Sig value smaller than 5% indicates that price has a positive effect on consumer's purchase decision.

The results of this analysis can be interpreted that prices which include valuations on products, product attributes and benefits have a significant influence on product purchasing decisions. This indicates that prices can move the attitude of consumers to decide something in accordance with their choices. Price determines consumer purchasing decisions, the price has an important meaning

because the price is one of the attributes evaluated by the consumer in making a purchasing decision. Prices are used by consumers to decide how to get the benefits and value of purchasing power. Therefore, the price offered must be affordable and by consumer income.

Price is one of the factors that will influence consumers' buying decisions, as is well known is the factor of economic conditions that can set the background for this variable. The price is the amount of money that someone will spend to get an item/ service, surely the rewards (goods/ services) expected to be obtained will be commensurate with the amount of money that has been spent to get the goods/ service.

Someone might be willing to pay a high price for a cosmetic product in the hope that they get the benefit in accordance with what is desired and desired by the product. Even so, it's not uncommon for someone to choose cosmetics that are cheaper and friendlier in the bag.

Simple, not luxurious. Indeed, the quantity of consumption that is commendable in reasonable conditions is simple. This simplicity is one of the characteristics of Allah's loving servant. The principle of simplicity, meaning in consumption should avoid excessive attitude (*ishraf*) because this attitude is hated by Allah SWT. Likewise, the nature of redundant, redundant nature is a trait that is hated by Allah SWT.

#### **4. The effect of ingredient on the Purchase Decision of Purchasing Cosmetic Products.**

Based on the results of the study, it can be seen that the ingredients have a significant level of 0.139 with the provisions stating a significant value > 0.05. Then, based on the results of multiple linear regression tests using SPSS software, it can be seen that the calculated t value is 0.521. So, it shows that the ingredients are positive and significant towards the decision to purchase cosmetics products. This means that ingredient is affecting the purchasing decisions of the consumer to buy cosmetic products.

The ingredients of a cosmetic product becomes very important because cosmetic products will come into contact directly and be used on the skin of the human body which will then absorb into the skin so that the type and safety contained in cosmetics product is very important especially for those who have sensitive skin and are allergic to a certain ingredient.

Consumer knowledge of their skin type makes ingredients the focus of consumers in choosing cosmetic products. Because each skin type requires different nutrients, besides skin type, environmental factors can also influence consumers in choosing ingredients contained in cosmetic products to be purchased.

The results of this study are in line with the research conducted Maniatis (2016). That is, consumer may be looking the ingredient before making a choice to buy. In this modern era, consumers are very tired and active in finding out what they need, including what their body and skin needs. Doing a variety of research ranging from looking for information from the surrounding environment, watching video reviews on YouTube and search to websites that provide various information about cosmetics.

## **Conclusion**

Based on the description stated about the influence of halal label, price, and ingredients variables on purchasing decisions for cosmetics product, in Universitas Muhammadiyah Yogyakarta, UIN Sunan Kalijaga Yogyakarta, and Universitas Islam Indonesia Student conclusions can be drawn as follows:

1. There is a significant positive influence between the halal variables on the decision to purchase cosmetics products. This means that the presence of halal labels on cosmetic products provides a positive
2. There is a significant positive influence between the price variable on the purchase decision of cosmetic products. Prices on cosmetic products will influence consumers' buying decisions.
3. There is a significant positive influence between the ingredients contained in a cosmetic product on consumer buying decisions.
4. There is a significant positive simultaneous effect between variables

Halal label, price, and ingredients of the decision to buy cosmetic products to consumers.

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