

# CHAPTER I

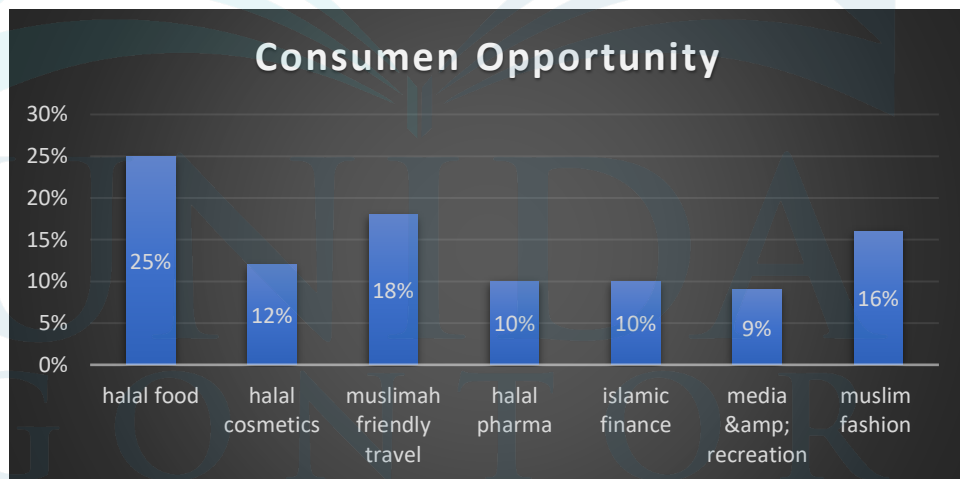
## INTRODUCTION

### A. Research Background

The halal industry has experienced rapid development in recent years, including in Indonesia, which is ranked 3rd in the State of the Global Islamic Economy Report 2023.<sup>1</sup> The halal lifestyle known to Muslims has spread to various countries, even countries with a minority Muslim population. The economic growth engine for the country has recently been attributed to the Sharia economy and halal industry. Moreover, Indonesia as the largest Muslim population country in the world has enormous potential to grow the halal industry.

Data from The State of Global Islamic Economy Report in 2022-2023 notes that Muslims in the world spend no less than USD 2.29 trillion for the needs of the Halal Industry as follows: Halal Food, Halal Pharmacy, Halal Cosmetics, Fashion, Sharia Tourism, and others. As much as 25% of the total budget of 2.29 trillion is used for the purchase of halal food, according to the data shown in the figure below.

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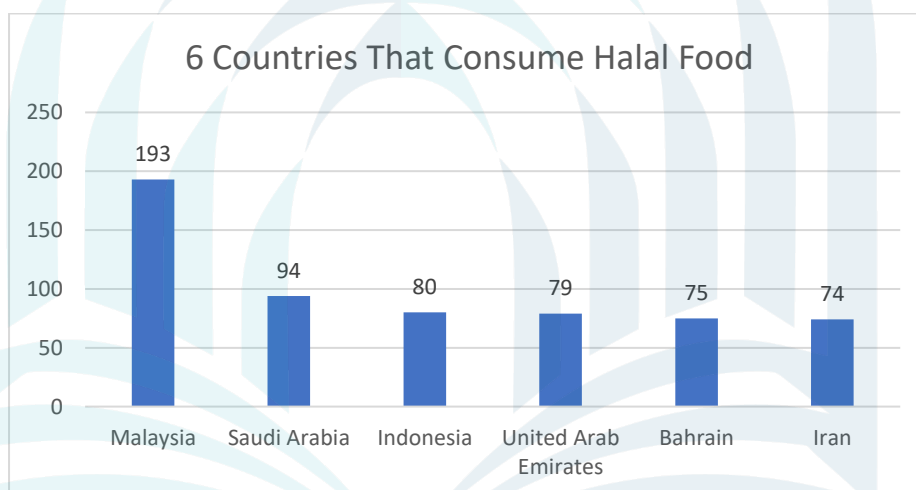


**Figure 1.1 State of the Global Islamic Economy Report 2023**

<sup>1</sup> Eny Latifah dan Rudi Abdullah "Peran Sertifikat Dalam Meningkatkan Pertumbuhan Ekonomi syariah di Indonesia", *Journal of International Development Economics*, Vol.1, No.2 November 2022, p. 126

<sup>2</sup> State of the Global Islamic Economy Report 2023, *Laporan Tahunan 2023*. Dinar Standart Dubai, p,12

Halal can be defined as a quality standard that complies with Islamic sharia law and is used in every activity carried out by Muslims. Muslims adhere to Islamic Sharia law by choosing halal products and services. Although halal is closely related to Muslims, it does not mean that consumers of halal products only come from Muslims. Consumers of halal products from countries with minority Muslim educators have experienced a significant increase in recent years. One of them is Brazil, which is ranked 8th as a halal food consumer in the world in 2023 (*State of the Global Islamic Economy Report 2022*).<sup>3</sup>



**Figure 1.2 State of the Global Islamic Economy Report 2023**

Indonesia is among the 10 countries with the 3rd largest percentage of halal food consumption in the world. Based on the report, the *Badan Penyelenggaraan Jaminan Produk Halal (BPJPH)* will replace the logo of the Indonesian Ulema Council (MUI) which is often seen in halal food in Indonesia. Dinar standard calculates the value of halal food consumption in Indonesia to reach US\$ 135 billion by 2023. This makes Indonesia the 3rd largest halal food consumer in the world.<sup>4</sup>

<sup>3</sup> Faqiatul Mariya dan Annisa Hakim, "Model Pengembangan Industri Halal Food di Indonesia" Muqtasid: *Muqtasid Journal*, Vol. 9, No. 1, 2019, p.2

<sup>4</sup> State of the Global Islamic Economy Report 2023, *Laporan Tahunan 2023*,

In Islam, to fulfill their needs, a Muslim must always be in line with the Qur'an and Sunnah. Every Muslim must not only pay attention to whether a product is halal or not, but also about the value of good health in addition to the taste aspect which is often the choice. As a consideration of something by a Muslim as a consumer. A customer will look for various types of information related to how to make the right purchase selection to meet his life needs, both primary, secondary, and tertiary needs.<sup>5</sup>

Indonesia has a great chance to set a global standard for halal food and beverages. The way to survive in the halal food and beverage industry is by creating creative and innovative new products.<sup>6</sup> Indonesia with a Muslim population of over 200 million is one of the main target markets for halal product manufacturers. Business opportunities for halal products in our country are very potential and promising. With the quality of the large Muslim population, Indonesia's capacity as a producer and consumer is also very large.<sup>7</sup>

The concept of halal has been implemented by the Indonesian Ulama Council (MUI), and it is the duty of Muslims to consume halal food and drinks. It has become a habit for non-Muslims because they follow the majority. In addition, there are also non-halal raw materials as a form of respect for non-Muslim communities, thus creating a relationship of mutual respect for each other.<sup>8</sup>

The increase in modern markets that are growing very rapidly makes people more likely to see high-quality brands and only buy goods because of the halal label. However, there are still some products that do not include the halal label on the packaging and there are still people who do not pay attention to the presence or absence of the halal label on the packaging so they are not fully informed.

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<sup>5</sup> M. Marpaung dan Alfian "Analisis Pengaruh Label Halal, Merk, dan Harga terhadap Keputusan Pembelian dikota Medan" At-Tawassuth: *Journal of Islamic Economics*, Vol.2, p.122

<sup>6</sup> Novi Sekar Sari dan Ririn Tri Ratnasari, "Nilai Pengalaman Pada Halal Fesyen dan Kepuasan Pengalaman terhadap Niat berperilaku", *Journal of Islamic Economics Theory and Applied*, Vol. 8, No. 3, 2021, p.374.

<sup>7</sup> Abd Kadir dan Ahmad Efendi, "Strategi Pengembangan Industri Produk Halal", *Journal of Economics and Digital Business Review*, Vol.4, No.2, 2023, p.217.

<sup>8</sup> Alfiah dan Nur Rismatul, "Pengaruh label halal dan harga terhadap Keputusan pembelian konsumen pada produk mie Samyang kecamatan prigen", *Journal of Management Applications and Business Innovation*, Vol.5, No.1, August 2022, p.55.

Consumers will more easily recognize the product if there is a halal label on the packaging. In Indonesia, halal labels are widely used, one of which is packaged food and beverages. Only the halal logo is attached to a food and beverage with raw materials and processing that is not too clear, so it looks as if it is halal.<sup>9</sup>

Halal labelling on packaged food and beverage products can have a number of positive impacts. First, due to religious views, these labels may make food and beverages more attractive to consumers. Secondly, the application of halal labeling may help increase consumer purchases..

With the halal label, consumers can ensure which products they are allowed to consume, namely products that have and include a halal label on the packaging. In principle, halal labelling is a label that informs users of the labelled product, that the product is truly halal and that the ingredients it contains do not contain elements that are prohibited by sharia so that the product may be consumed.<sup>10</sup>

The mini market's price of food and beverage products is also seen by consumers, besides the halal label. Price is one of the factors that must be considered, because the higher the price, the lower the purchasing decision, on the contrary, if the price is low, the purchasing decision changes higher.<sup>11</sup>

Consumers consider price when making a purchase. The amount of money paid for goods or services, or the value of money exchanged by consumers for the benefits obtained from owning or using a product or service, can affect the level of customer satisfaction.<sup>12</sup> Price can affect the level of customer satisfaction, where customers will feel satisfied when the price is in accordance with what is expected.

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<sup>9</sup> M. Rizal dan Fazrin, "Pengaruh Label halal dan bonus dalam kemasan terhadap Keputusan pembelian pada produk kinder joy", *Journal of Management and Finance*, Vol.6, No.2, p.72

<sup>10</sup> Anis setyowati dan Moch. Anwar, "Pengaruh Literasi Halal dan Religiusitas Terhadap Minat Konsumsi Produk Halal masyarakat kabupaten", *Journal of Development of Thought and culture*, Vol.16, No.2 June 2022, p.108

<sup>11</sup> Caroline Lystia dan Halimah Sandra, "Determinasi kebutuhan pembelian, harga, promosi dan kualitas produk", *Journal of Applied Management Science*, Vol. 3, No. 4 March 2022, p.392.

<sup>12</sup> Arya duta dan Fauzi arif, "Analisis Pengaruh Harga, Kualitas Produk dan Kualitas Pelayanan terhadap kepuasan konsumen", *Management studies and entrepreneurship journal*, Vol.4, No.1 January 2023, p.48

The pricing process needs to reflect both profits and consumer expectations of value or quality.<sup>13</sup>

Another factor that consumers pay attention to when buying goods is price. Price is an element of the marketing mix that is flexible or able to adjust to the situation, so price plays an important role in marketing by sellers and buyers. Price is an important thing that will be considered by consumers, so entrepreneurs need to understand the role of price in influencing their consumers.<sup>14</sup>

This research was conducted at the mini market Gontor for Girls 1 Mantingan, Ngawi, East Java, Indonesia. This is because the mini market gontor for Girls 1 is a modern market and is quite well known among female gontor 1 students. Often consumers who make unplanned purchases at special shopping centers in the mini marker gontor for Girls 1 which initially just buy the needs needed, but because it is driven by certain things so that consumers make unplanned purchases.<sup>15</sup>

One of the customers at the mini market Gontor for Girls 1 is a student of Kulliyatu-l-Mu'alimmat Al-Islamiyah Gontor for Girls 1 in Sambirejo, Mantingan Ngawi. These Kulliyatu-l-Mu'alimmat Al-Islamiyah students are consumers who are very crisis when viewed in terms of information obtained, their ability to digest information and sort out the products they consume based on the knowledge they gain.

Certainly, the way students eat food will be impacted by the abundance of food products in Gontor for Girls 1, including halal brands. Based on this background and description, this researcher took the title, "**HALAL LABEL AND PRICE AS DETERMINANT OF FOOD PURCHASING DECISIONS (EMPIRICAL EVIDENCE FROM GONTOR FOR GIRLS 1 MARKET)**"

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<sup>13</sup> Arga Anggana, Kadi, "Peran harga, promosi dan kualitas produk terhadap keputusan pembelian produk air mineral aqua di madiun", *Journal of business management and accounting innovation seminars*, Vol.1 No.1 2019, P.165

<sup>14</sup> Zidna Arifata, "Pengaruh Label halal, merek dan harga terhadap Keputusan pembelian pada produk mie sedap dengan minat beli konsumen sebagai variable mediasi", *Journal of business economics* Vol. 1, No. 2, 2021, p.15

<sup>15</sup> Annisa Nur Safitri, "Gontor Putri 1 Mini Market Staff", Mantingan

## **B. Research Questions**

Based on the background of the problems described above, the problem formulation can be taken as follows:

1. Does the halal label affect the food purchasing decisions of Gontor for Girls 1 students?
2. Does price affect food products at Gontor for Girls 1 on purchasing decisions of student Gontor for Girls 1?
3. Do halal labels and prices simultaneously affect the purchasing decisions of Gontor for Girls 1 students?

## **C. Research Objectives**

Based on the problem formulation above, the following research objectives can be taken:

- a. To determine the effect of Halal Label on food purchasing decisions by Gontor for Girls 1 students.
- b. To analyze the effect of price on purchasing decisions for food products by Gontor for Girls 1 students.
- c. To evaluate the simultaneous influence between halal labeling and price on purchasing decisions by Gontor for Girls 1 female students.

## **D. Research Limitation**

To avoid widespread and undirected research to facilitate research, the researcher limits the problems studied, namely:

1. Kulliyatu-l-Mu'alimmat Al-Islamiyah Gontor for Girls 1 students regarding halal labeling and prices on food products available at Mini Marker Gontor for Girls 1.
2. The effect of halal labeling and price on purchasing decisions for food products available at Mini Market Gontor for Girls 1.

## **E. Benefit of Research**

The benefits to be achieved in this research are as follows:

### **1. Academic Benefit**

This research is expected to make a significant contribution to the development of scientific literacy in the fields of marketing and consumer behavior. By analyzing the effect of halal labels and prices on food purchasing decisions, this researcher will enrich the understanding of the factors that influence consumer behavior among female students.

This research also serves to develop existing marketing theories, especially those related to halal products. The growing Indonesian market presents a significant opportunity for understanding the influence of halal labeling on purchasing decisions. This research can provide deep insights into how consumers associate halal labels with quality, trust and the values they believe in.

### **2. Practical Benefit**

Can provide advice for Mini Market regarding the importance of halal labelling and price on purchasing decisions. To achieve the desired company goals, it needs to use the suggested strategy.