

The Use of Halal Labels to Improve the Consumer Loyalty of Cosmetic Products in Bandung City Indonesia

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Abstract---The majority of population in Indonesia is Moslems. It makes the companies produce their products with halal labels on them. It is done to make the products to be accepted in the market. To use of halal labels among producers in Indonesia is a must. This study aims to analyze how the influence in the use of halal labels is used by cosmetic products in Bandung city on customer loyalty. The sample of this study was 300 female cosmetic users in Bandung city. The approach is using SEM AMOS. The results of this study prove that the form of loyalty or customer loyalty is more dominantly formed by trust while the halal labels only reinforce it. The results of this study are different from previous studies which stated that halal labels dominantly form customer loyalty. The implications of this study can be used by entrepreneurs in cosmetics, food, beverages, clothing and medicine.

Keywords---Halal Label, Loyalty, Cosmetics, and Consumer in Bandung City, Indonesia

I. INTRODUCTION

Cosmetics is the needs for women both adolescents and adults. As in general, women always want to look beautiful and attractive in front of others. Therefore the lives of women are never separated from cosmetics starting from the treatment of hair, face and body. The needs of women who always want to look beautiful and attractive open a huge market opportunity for cosmetics entrepreneurs so that they are competing to attract as many as cosmetics users to use the cosmetics they sell.

According to the data from Central Bureau of Statistics, the population of Indonesia in 2018 reaches 265 million with 131.88 million population of female. The large number gives large opportunity for cosmetics business.

But to get the trust of cosmetics users, cosmetics entrepreneurs must try to provide products that the quality is guaranteed. One effort to ensure the quality of sold cosmetics is guaranteed is by installing halal labels on the cosmetic packaging. Due to halal labels is not new to Indonesian people who are predominantly Muslims in which halal notion for them is everything that is good and clean and it can be eaten or consumed by humans according to Islamic sharia. It is very important for Muslims whether a product is halal or not.

According to Sumarwan (2011.209) Islamic consumers prefer the products that have been labeled as halal which is issued by the authorities rather than those that have not in selecting products. So the use of halal labels on product packaging will make it easy for users to identify the products that will be used. In Indonesia, halal labels have been widely used, especially in cosmetic products.

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Majelis Ulama Indonesia (MUI) / the *Ulama* Council of Indonesia is an institution that guarantees halal products to circulate in Indonesia. The work of Majelis Ulama Indonesia (MUI) / the Ulama Council of Indonesia is assisted by Lembaga Penelitian, Makanan, Obat-obatan dan Kosmetika (LPPOM) / the Institute for Research, Food, Medicine and Cosmetics from MUI. LPPOM MUI was formed to assist in making policies, rules, recommendations and guidance relating to food, pharmacy, and cosmetics. According to Adisasminto (2008.10) the establishment of LPPOM-MUI is to give people a sense of security and peace of the consumed products. This authority is authorized to provide halal labels to the products that will be labeled halal which circulate in Indonesia.

So, the cosmetics which have halal labels are very important and decisive for cosmetics users because the use of halal labels on packaging products provides assurance that the products are clean and have safe ingredients that will avoid to damage health both short and long term. Therefore major cosmetics brand companies must develop a niche market for halal cosmetics for Muslim women to do fashion up for some extended acceptance in Muslim religiosity. Thus, it is considered important to conduct research that relates to the attitude of consumers in Indonesia to continue to buy the cosmetics which they use. Regarding to it, this study is to determine the role from the trust of consumer as cosmetics users to producers and halal labels that influence customer loyalty to the cosmetics which they use.

II. LITERATURE REVIEW

II.I. Trust

Trust is very important for everyone and in the business world. Without trust, we will not want to do anything or conduct transaction with other people. According to Abdurrahman (2015) states that trust is the attitude from certain parties to others in conducting transactions based on the belief that the person he trusts will perform and fulfill all of his obligations properly as it is expected.

Where as according to Swasta (2011) defines trust as the desire to depend on partners or in other words exchange trust in which past experiences and previous interactions are a form of trust in the brand.

Alma (2011) emphasizes that trust occurs when one group believes that the other will do something that produces positive results for them.

Griffin (2011) states that trust is a calculation process (calculative process) between the incurred costs and the obtained results. Of which the excellent services that are received now will continue for the future, so service quality has a positive effect and influence on trust.

II.II. Attitude

Attitude is a disposition to respond favorably or unfavorably to objects, people, institutions or events (Fishbein and Ajzen, 1975). Attitude is a form of evaluation or feeling reaction, a person attitude towards an object is a feeling of being supportive or impartial (favorable) or an unsupportive feeling (unfavorable) of the object (Berkowitz, 1972). Attitude is formed because of 3 components, they are cognitive, affective and conative (Fishbein and Ajzen, 1975).

The cognitive component relates to the beliefs of a person about objects of attitude, both positive and negative (Fishbein and Ajzen, 1975). Furthermore Ajzen (2005) states that the affective component concerns emotional problems and explains the evaluation and feelings of objects.

II.III. Halal Label

Understanding Labels, according to Tjiptono (2012: 107) labels are parts of products that convey the information about the products and the sellers. Labels can be part of the packaging or labels (identification) are associated with the products, Stanton (2012). Labels are simple displays on products or images that are designed with rumors which are a unit with packaging (Kotler, 2016). One of the labels that are listed on the product is a halal label.

Halal label is a guarantee which is given by an authorized institution such as Lembaga Pengkajian Pangan Obat-Obatan dan Kosmetika Majelis Ulama Indonesia (LP POM MUI) / the Institute for Drug and Cosmetics Studies from the *Ulama* Council of Indonesia (LP POM MUI) to ensure that the product has passed halal testing in accordance with Islamic sharia. The inclusion of halal labels is intended for consumers to get the protection of halal and comfort for the use of these products (Yuswohady, 2015: 23).

The certificate of Halal Label is a written *fatwa* from Majelis Ulama Indonesia (MUI) / the *Ulama* Council of Indonesia which is given to the companies that submit product halal tests (Basyaruddin, 2015). Halal certificate is a written fatwa of MUI which states the halal of a product in accordance with Islamic Sharia (www.halalmui.org).

Based on the above definition, halal certificate is halal revelation of a product that has passed the halal criteria test. It does not contain the elements or the ingredients which is consumed illegally, or is prohibited for Muslims, and its processing does not conflict with Islamic law. The process that participates in the production of cosmetics or drinks, and is included in the classification process, is halal in accordance with halal standards which are determined by Islam.

II.IV. Customer Loyalty

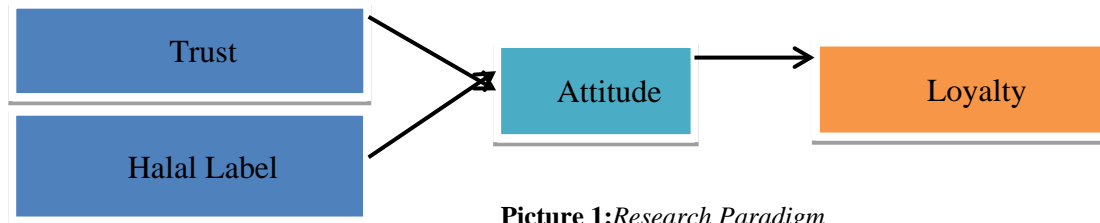
According to Griffin (2012: 4) "loyalty is defined as non-random purchases which is presented from time to time by several decision-making units". Based on that definition, it can be explained that loyalty refers more to the unit behavior in making decisions to buy goods or services continuously from the selected company.

Meanwhile, according to Oliver (1997: 392) states that, "Customer loyalty is a firm commitment to repurchase or to repeat the product or service that is consistently liked in the future, even though there are situational influences and marketing efforts that have the potential to cause behavior change".

From this definition, it appears that customer loyalty is the last deep commitment to re-buy or to repurchase the products or the services that are consistently selected in the future, even if they influence the situation and the marketing efforts that have the potential to cause behavior change.

II.V. Research Paradigm

The following is a picture of the research paradigm for this study



Picture 1: Research Paradigm

From the picture of the research paradigm above, the hypothesis for this study is:

1. H1: Trust influences Attitude
2. H2: Trust influences Loyalty
3. H2: Attitude influences Loyalty
4. H3: Halal labels influence Attitude
5. H4: Halal labels influence Loyalty

II.VI. Research Methods

The research method in this study is the survey method that uses data collection primarily with questionnaires from selected samples. (Sekaran, 2016). In accordance with the objectives to be achieved, then 2 (two) types / forms of research are used: descriptive and verification research. The unit of analysis in this study is female cosmetic users who are in West Java, while the Observation Unit is a female cosmetic user in West Java. This type of research is causality, which is testing whether Trust, Halal Labels, Attitudes influence Loyalty. As it is seen from the time horizon, this study is cross sectional, the information from a part of the population (random sample) is collected empirically with the aim to find out the opinions of a part of the population on the object which is being studied (Sekaran, 2016).

II.VII. Population and Sample

The population for this study is the women in Bandung city who have used cosmetics, adolescents and adults (not or already married). Who knows and understands about the terms of goods that are halal according to Islamic Sharia. The data from the office of Demographic Affairs and Civil Registry Service of Bandung City stated that the population of Bandung City reaches 2,412,458 people with a total of 1,194,315 women and the rest are men, so that, the population of this study is 1,194,315 people. Thus the total sample of this study is 300 women with Simple Random Sampling technique, a sampling with simple and random technique.

II.VIII. Data Analysis

To analyze the data, this study uses structural equation model (SEM). Research variables are divided into exogenous (independent) and endogenous (dependent) variables. The Exogenous variable consists of 2 variables, namely Trust (K) and Halal Label (LH), while the endogenous variables (dependent), namely Attitude (S) and Loyalty (L).

III. RESEARCH RESULTS AND DISCUSSION

III.I. Analysis of Validity and Reliability

From the validity test results, it is found that all indicators are greater than 0.3 so that it is good to be used in a study. While the reliability test results have a reliability coefficient which is greater than 0.7 as it is classified as acceptable and good, so all variable instruments can be used for data collection.

III.II. Analysis of Respondent Opinions to Research Variables

The following are the results of respondent opinions on the research variables that can be seen in table 1.

Table 1: Respondent Opinions to Research Variables

No	Variabel	Mean
1.	Trust	4,344
2.	Halal Label	4,232
3.	Attitude	4,356
4.	Loyalty	4,423

Source : Processed data, 2018

From the table above, it can be seen that the value for respondent opinions on the highest research variable is Loyalty by 4.423 and it is followed by Attitude by 4.356 and Trust by 4.344 and the last is Halal Label by 4.232.

III.III. Analysis of Measurement Model

The following are the measurement results to test the suitability or confirmation of the indicators or manifest of the latent variables on research variables which can be seen in table 2. Goodness of Fit Testing.

Table 2: Goodness of Fit Testing.

Variabel	χ^2	RM						Evaluation Model
	> kecil	P ($\geq 0,05$)	CMIN/ Df ≤ 2	SEA $\leq 0,08$	GFI $\geq 0,90$	TLI $\geq 0,95$	CFI $\geq 0,95$	
Trust	0,463	0,074	0,020	0,067	0,987	0,960	0,948	Fit
Halal Label	0,347	0,760	0,271	0,001	0,998	1,023	1,001	Fit
Attitude	0,883	0,111	0,057	0,044	0,981	0,987	0,989	Fit
Loyalty	1,645	0,21	1,642	0,047	0,996	0,994	0,998	Fit

Sumber : Processed data, 2018

III.IV. Analysis of Model Structure Testing

The results of Structural Model analysis (SEM), or SEM, can be seen in table 3.

Table 3: The results of Structural Model analysis (SEM)

Goodness of Fit Index	Cut-off Value	Analysis Result	Evaluation Model
X2 – Chi Square	Sangat Kecil	241,609	Fit
Probability or p value(p)	≥ 0.05	0,068	Fit
CMIN/DF	$\leq 2,00$	1,452	Fit
RMSEA (The Roats Mean Square Error of Aproximation	≤ 0.08	0,045	Fit
GFI (Goodness of Fit Index)	≥ 0.90	0,921	Fit
AGFI (Adjusted Goodnes of Fit Index)	≥ 0.90	0,864	Marginal
TLI (Tucker Lewis Index)	≥ 0.90	0,956	Fit
CFI (Comparative Fit Index)	≥ 0.90	0,922	Fit

Source: Processed data, 2018

From table 3, it is known that the testing results of the structure that the used model can be accepted. The TLI, CFI, CMIN / DF and RMSEA measurement indexes are within the range of expected values even though AGFI value is received marginally so the feasibility test of SEM model has met the requirements to be accepted.

III.V. Analysis of Hypothesis Test Results

The test on the research hypothesis is carried out by analyzing regression weights of each exogenous construct to its endogenous construct. By looking at C.R value which is the same as t-count, the results of data processing are compared with critical value by ± 1.96 is at a significance level by 0.05 (5%). And the results of hypothesis testing can be seen in table 4.

Tabel 4: *The Results of Hypothesis Testing*

Relation between variables	Standardized Koefisien Regresi	Critical Ratio (t hitung)	Prob. Value (sig.)	Results
Trust (K) → Attitude (S)	0,395	3,764	0,000	Sig.
Trust (K) → Loyalty	1,019	4,032	0,000	Sig.
Attitude (S) → Loyalty (L)	0,406	3,790	0,000	Sig.
Halal Label (LH) → Attitude (S)	0,362	2,330	0,000	Sig.
Halal Label (LH) → Loyalty (L)	0,087	0,718	0,475	No. Sig.

Source : Processed data, 2018

From the testing results in table 4, there are four CR values which are above 1.96 or with a probability value that is smaller than 0.05 so that the four research hypotheses can be accepted. While there is one hypothesis which the CR value is below 1.96 or with a probability value that is greater than 0.05 so that one hypothesis cannot be accepted.

IV. DISCUSSION

The results of the hypothesis testing of Trust (K) on Attitude show regression coefficient value by 0.395 and CR value by 3.764 with a probability value by 0.000. This means that Trust (K) has a significant influence on Attitude (S). This result is in accordance with the research results that is conducted by Sumadi (2016).

While the results of the hypothesis testing of Trust (K) on Loyalty (L) obtained regression coefficient value by 1.019 and CR value by 4.032 with a probability value by 0.000. This means that Trust (K) has a significant influence on Loyalty (L). The results of this study are in accordance with the research of Sumadi (2016) and Lestari et al (2018), that Trust makes customers loyal to the use of commonly used products. But it is not in accordance with the research results of Bojei (2015) states that trust does not significantly influence customer loyalty.

For the testing results of Attitudes (S) on Loyalty (L) obtained regression coefficient value by 0.406 and CR value by 3.790 with a probability value by 0.000. This means that Attitude (S) has a significant influence on Loyalty (L).

For the testing results of Halal Label (LH) on Attitude (S) the results obtained regression coefficient value by 0.362 and CR value by 2.330 with a probability value by 0.000. This means that Halal Label (LH) has a significant influence on Attitude (S).

While the results of hypothesis testing of Halal Label (LH) on Loyalty (L) obtained a regression coefficient by 0.087 and CR value by 0.718 with a probability value by 0.475. This means that Halal Label (LH) does not influence Loyalty (L). The results of this study are not in accordance with the research results which is conducted by Fatimah (2017), who states that halal labels have a positive value and a significant influence on cosmetic loyalty of Wardah customers. Then Wilson (2016), shows that halal labels have a positive influence on customer loyalty.

V. CONCLUSION

From the results of the discussion, it can be concluded that Customer Loyalty is more dominantly built than customer trust which has an influence on the customer attitude to the product that has been used further by customers. This is the result of hypotheses one, two and three so that attitude will make customer loyalty to the products that are usually used. While, halal labels are the supporting things that strengthen consumer attitudes but do not create customer loyalty. This result is the result of hypotheses four and five.

The research finding of hypothesis two, Trust on Loyalty, reinforces the research results which are conducted by Sumadi (2016) and Lestari et al (2018). Trust produces customer loyalty.

While the study results of hypothesis three, Attitude influencing Loyalty, are the findings of this study of which there are not any researchers who examine the effect of Attitudes to Loyalty. The existing research only examines Attitudes to Purchasing Decisions.

And the results of hypotheses four and five, Halal Labels on Attitudes strengthen the research results of Sumadi (2016) and Halal labels on Loyalty invalidate the results of Fatimah (2017) and Wilson (2016) research in which halal labels do not have effect on customer loyalty.

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