


Chapter 10

Does Religiosity Moderate Halal Purchase Decisions?

Examining the Role of Awareness, Certification, Marketing Mix Strategies, Social and Innovation

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ABSTRACT

The global halal industry is rapidly expanding, highlighting the importance of understanding consumer behavior and the role of religiosity in purchase decisions. This study explores how halal awareness, halal certification, marketing mix perception, social factors, and innovation attributes influence purchasing decisions, with religious beliefs as a moderating factor. A quantitative research approach was adopted, involving 188 respondents recruited through non-probability sampling. Data were gathered using online questionnaires distributed via Google Forms and analyzed using multiple regression and moderation regression techniques in SPSS Version 20. The results indicate that halal awareness, halal certification, and marketing mix perception significantly influence purchasing decisions, while social factors and innovation attributes do not. Religious beliefs moderate the relationship between halal awareness, halal certification, marketing mix perception, and social factors

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but have no moderating effect on innovation attributes.

INTRODUCTION

The halal industry has become a significant driver of economic growth, particularly in countries with large Muslim populations, such as Indonesia (Randeree, 2020). As global awareness of halal principles expands, it becomes crucial to understand the factors that influence consumer behavior in this growing sector (Khan, Asad, & Mehboob, 2017). In Indonesia, the rise in halal awareness is mirrored by increasing concerns over product safety and authenticity, particularly in the cosmetics industry (Septiarini, Ratnasari, Salleh, Herianingrum, & Sedianingsih, 2023). The demand for halal-certified products has surged as consumers seek assurance that their purchases align with their religious values and meet safety standards. However, the challenge remains in identifying the factors that most significantly impact purchasing decisions in the halal industry, particularly in the context of growing religiosity among consumers.

Indonesia's cosmetics and skincare industry has experienced significant growth in recent years. Data reveals that the number of cosmetic industry enterprises increased by 21.9%, from 913 companies in 2022 to 1,010 companies by mid-2023. This growth is predominantly driven by Small and Medium Enterprises (SMEs), which account for 95% of the cosmetic industry and successfully employed approximately 59,886 workers in 2022. Furthermore, the export value of cosmetics, fragrances, and essential oils reached USD 770.8 million from January to November 2023, demonstrating the competitiveness of local products in the international market. This increase is also supported by utilising local natural resources and cultural heritage in product development, further enhancing the appeal of Indonesian cosmetics on the global stage (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2023)

The halal cosmetics industry in Indonesia has experienced rapid growth in recent years. In 2020, halal cosmetics consumption reached USD 4.19 billion, making Indonesia the second-largest consumer in the world after India. This growth is supported by increased halal-certified products, rising from 1,913 in 2017 to 75,385 in 2021. The government has also mandated halal certification through Law No. 33 of 2014, encouraging manufacturers to ensure the halal integrity of their products. With a Muslim-majority population and growing consumer awareness, this industry has promising prospects in domestic and global markets (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2023)

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