

# Does Mui Halal Logo Matter For Young Millennials? An Experiment Study In Cosmetic Mass-Market Brand

Telisiah Utami Putri, Tirta Nugraha Mursitama, Asnan Furinto, Sri Bramantoro Abdinagoro

**Abstract:** The growth of the world's Muslim population and increasing income in Muslim countries show a positive trend have brought a significant increment in demand for global halal cosmetic products, including in Indonesia. Retail data sales shown growth of cosmetic brands which have MUI halal logo is higher compare with those brands that have not yet included MUI halal logo. This study aims to examine the influence of MUI halal logo in cosmetic mass-market brands towards consumer purchase intention. This study uses an experimental method with 8 treatment cells to 256 participants. The selected participants are young millennials who are also university students at the aged 17 to 25 years from two major cities in Indonesia, Jakarta and Bandung. The findings indicate significant relationship between MUI halal logo towards purchase intention. It is advised for cosmetic practitioners in Indonesia specifically those who are tapping into young millennial consumers to include MUI halal logo in the products.

**Index Terms:** MUI Halal Logo, Purchase Intention, Halal Cosmetic, Experimental study, Young Millenials

## 1. INTRODUCTION

The growth of the world's Muslim population and the increase in income in Muslim-majority countries which show a positive trend has brought a significant increase in the demand for global halal cosmetic products. In 2015 the global market value for women's cosmetics reached US \$ 23.4 billion and is expected in 2020 will reach US \$ 45 billion with a CAGR of 14.3%, while the growth of the cosmetics market in the Asia-Pacific region will experience 11.8% growth from period 2013-2018 [1]. Referring to the report issued by [2] the halal cosmetics sector continues to grow because more products are produced and raw materials are given halal certification. Total global Muslim consumer spending on halal cosmetics reached US \$ 61 billion in 2017, and is expected to reach US \$ 90 billion in 2023, an increase of 6.9%. Indonesia itself is in the second position of the 10 countries with the largest expenditure of halal cosmetics with a value of US \$ 3.9 million in 2017 [2] Indonesia has the largest Muslim population in the world, spending a total of US \$ 218.8 billion in all sectors of the Islamic economy in 2017, with 215 million Muslims representing 13 percent of the global Muslim population in 2015 [2]. Indonesia's ranking for the global Islamic economy increased from 11th place to 10th place, will be over than Brunei. This report from [2] gives an indication that the development of halal cosmetics in Indonesia will have a very good growth opportunity, supported also by the condition of the global halal cosmetics industry.

Referring to retail sales data of cosmetic products in Indonesia, Nielsen's data for the last 2 years, 2017 - 2018, shows that products with the MUI halal logo have a more significant growth value than cosmetic brands that have not yet had MUI halal logo, is this an indication that consumers have started to be aware of halal? Is this growth due to the presence of the MUI halal logo? For this reason, this research is conducted to find out the impact of the MUI halal logo on a cosmetic product and its effect to purchase intention in young millennial group. According to [3] The young millennial group are they who are born from 1990 to 2000 are the main subjects in this study, they are currently university students, they are prospective cosmetics consumer in the future, they will be a source of growth and new business for players in the cosmetic industry in Indonesia, for this reason it is very important for the industry to understand their buying behavior towards products, especially cosmetics, and find out their perception about MUI halal logo in a cosmetic product.

## 2. LITERATURE REVIEW

### 2.1 Theory of Reason Action (TRA)

Theory of Reason Action (TRA) developed by Martin Fishbein and Icek Ajzen, is a theory that studies the factors that trigger a person's behavior, this theory believes that behavioral intention is the most accurate determinant of whether someone will do something action [4]. Behavior is influenced by one's attitude to the specific characteristics being considered, subjective norms and social pressure to carry out the action, consisting of attitudes, subjective norms, behavior. Attitudes derived from beliefs if halal cosmetics are better, where the process of forming beliefs itself in this study is based on attributes that appear directly from a product such as the presence of the MUI halal logo.

### 2.2 Purchase Intention

According to [5] there are four main factors that influence consumer buyer behavior based on consumer characteristics as follows: cultural, social, personal, and psychological. Although many of these factors cannot be influenced by marketers, in understanding the needs so that products can be developed that are interesting and in accordance with the needs or desires of consumers. The presence of the MUI halal

- *Telisiah Utami Putri, Student in Doctoral Program of Research and Management, Bina Nusantara University, Jakarta, Indonesia 11480. Email: putri.telisiah@gmail.com*
- *Tirta Nugraha Mursitama, Faculty member of Doctor of Research and Management, Bina Nusantara University, Jakarta, Indonesia 11480. Email: tmursitama@binus.edu*
- *Asnan Furinto, Faculty member of Doctor of Research and Management, Bina Nusantara University, Jakarta, Indonesia 11480. Email: afurinto@binus.edu*
- *Sri Bramantoro Abdinagoro, Faculty member of Doctor of Research and Management, Bina Nusantara University, Jakarta, Indonesia 11480. Email: sabdinagoro@binus.edu*

logo is predicted to have a relationship with cultural, social, personal, and psychological, where the MUI halal logo has an impact on the formation of consumer perceptions that are influenced by cultural factors as consumers in a Muslim majority country, social environment in which friends or family give influence about the new perception of halal, personal where there is a change in the paradigm of personal thinking about the importance of halal, and psychology to provide a sense of security and comfort with the cosmetic products used.

### 1.3 MUI Halal Logo

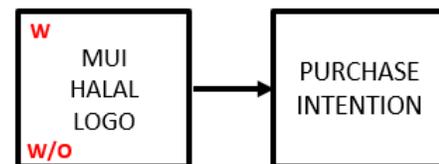
Having a halal logo or halal certificate in the global world today is a must to meet all Muslim needs [6]. Based on research findings in Malaysia by [7] revealed a positive correlation between the halal logo and purchase intention shows that consumers trust the product more with the halal logo, they will have a higher intention to buy the product. In Indonesia, we can easily find cosmetics with the halal logo and the most common one we can find is the MUI halal logo, giving the MUI halal logo in cosmetics does not only apply to new brands or specific brands targeting the halal conscious consumer but also to cosmetic brands that have been existed in market for years, then manufacturer start to put on MUI halal logo on this product. The authorized institution in Indonesia which has the authorization to issue halal certification is LPPOM MUI.

## 3. RESEARCH METHODOLOGY

This research was conducted by an experimental method, a causal study to explain the causal relationship by utilizing factorial design it is possible to influence the response variable [8]. In this experiment there is 1 independent variable which is MUI Halal that is correlated with intention to buy cosmetic, since this study is done by using experiment design, therefore logo halal MUI is set to have in 2 condition namely : There is a MUI Halal Logo vs No MUI Halal Logo. This research is conducted in the young millennial generation with the status of university students and living in Jakarta and Bandung, the city that is known to be very urban and modern in Indonesia. The basis for selecting young millennials are because they are the target of future consumers in the cosmetics industry in Indonesia, so it is important to work on them as potential future consumers of a cosmetics brand. In this study a dummy of face powder product is prepared which has 2 different condition: 1) There is a MUI halal logo and 2) no MUI halal logo. Participants are asked for their opinions and their reactions when seeing the dummy products and check their intention of buying products based on the dummy conditions that they see.

## 4. FRAMEWORK OF ANALYSIS

The analytical framework used is to measure the level of desire to buy among product that has the MUI halal logo VS product that has not MUI halal logo, and then further to see how significant the purchase intention between these two conditions. Based on the theory of reason action, it is said that attitudes toward buying intention can be formed due to subjective norms, where participants form their individual perception of the presence and absence of the MUI halal logo, based on previous studies conducted [7] found that the MUI halal logo proved to be significantly positive for buying intention, so in this study it is proven through an experimental method.



Picture 4 Research Model

The research model in this study is made by linking the interaction between variabel MUI halal logo to purchase intention, where the MUI halal logo are made in 2 conditions (2 levels) namely condition with and condition without MUI halal logo. The two conditions are measured by the average value of purchase intention, whichever is higher and then testing whether the relationship between MUI halal logo is significantly positive towards purchase intention.

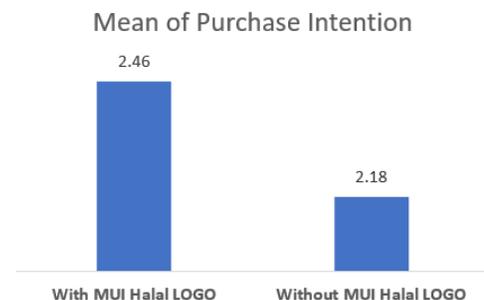
Tabel 4 Experiment Design

	WITH	WITHOUT
MUI Halal Logo	$\mu_{11}$	$\mu_{12}$

Based on the Experiment Design, the hypothesis formed is:  $\mu_{11} > \mu_{12}$  It is stated in the hypothesis as: products with the MUI halal logo is having higher purchase intention rather than products without MUI halal logo.

## 5. RESULT AND DISCUSSION

The data collected as many as 256 participants, the data is processed using SPSS to see the average value of buying intention and a significant relationship to purchase intention, the results are as follows:



Picture 5 Mean Score of Purchase Intention

The average value of purchase intention to buy product that have the MUI halal logo is proven to be higher than product

without MUI halal logo. The t-test significance test also gives the same result where the significance value: 0.014, or less than 0.05 with an alpha coefficient of 95%, then the significance value of 0.014 can be accepted as a significant value [9].

**Tabel 5 Hypothesis Testing**

Independen Variabel	Coefficients <sup>a</sup>		Standardize d Coefficients	t	Sig.	REMARKS
	Unstandardized Coefficients					
	B	Std. Error	Beta			
<b>MUI HALAL LOGO</b>	.263	.106	.150	2.484	.014	<b>ACCEPT H1</b>

## CONCLUSION

This study proves that there are differences in the mean score value of purchase intention between product that has MUI halal logo VS product that has not MUI halal logo, where product with MUI halal logo get a higher mean score value in purchase intention. This study also proves that MUI halal logo has a significant influence on cosmetic purchase intention, the evidence is created through hypothesis testing which shows a significant positive value. Then based on the results of this study, it is recommended for cosmetic brand to add the MUI halal logo to cosmetic products that they sold in Indonesia, because the presence of MUI halal logo also supports the formation of positive perception from a product that ultimately build consumer purchase intention, especially in young millennials group.

## REFERENCES

- [1]. Technavio, "Halal Cosmetics and Personal Care Market in The APAC Region 2014-2018," 2014. [Online]. Available: <http://www.technavio.com/report/halal-cosmetics-and-personal-care-market-in-the-apac-region-2014-2018>.
- [2]. Thomson Reuters, "State of the Global Islamic Economy Report 2018/2019," 2018.
- [3]. G. Ordun, "Millennial ( Gen Y ) Consumer Behavior , Their Shopping Preferences and Perceptual Maps Associated With Brand Loyalty Millennial ( Gen Y ) Consumer Behavior , Their Shopping Preferences and Perceptual Maps Associated With Brand Loyalty," no. January 2015, 2016.
- [4]. M. Fishbein and I. Ajzen, "Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research," Reading, MA: Addison-Wesley. pp. 1–18, 1975.
- [5]. G. M. A. Philip Kotler, Prentice Hall. Prentice Hall, 2005.
- [6]. J. Abdul, N. Shaari, and N. Shahira, "Dimension of Halal Purchase Intention : A Preliminary Study Shaari & Arifin," Int. Rev. Bus. Res. Pap., vol. 6, no. 4, pp. 444–456, 2010.
- [7]. S. R. Hussin, H. Hashim, R. N. Yusof, and N. N. Alias, "Relationship between product factors, advertising, and purchase intention of Halal cosmetic," Pertanika J. Soc. Sci. Humanit., vol. 21, no. SPEC. ISSUE, pp. 85–100, 2013.
- [8]. R. L.: J. H. J. & K. M. B. Solso, Experimental Psychology: A case approach. Addison Wesley

Longman, Inc, 1997.

- [9]. J. C. Nunnally and I. H. Bernstein, "Psychometric theory," PsycCRITIQUES, vol. 24. pp. 275–280, 1979.