Halal Label, Trust and Brand Loyalty Among Social Media Consumer for Food Business in Indonesia

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ABSTRACT

Purchasing halal food products is not necessarily related to the trust and loyalty of consumers of social media users in Indonesia. However, the increase in public awareness in selecting halal products will certainly influence consumers to purchase halal products. Few studies examine the relationship between consumer trust, especially those who use social media to shop for halal food on loyalty. This study aims to explore the behavior of social media users through trust and loyalty to halal food. More specifically, this study aims to see the effect of a positive relationship between trust and loyalty of social media users for halal brand food business in Indonesia. The data was collected via Google forms and self-administered survey questionnaires from customers in Malang, Blitar, and Jombang, consisting of 116 social media consumers for the food business. This research used Partial Least Square (SmartPLS Version 3) to test the hypothesis. This study has the result that the halal label affects trust, then trust affects consumer loyalty. The results of this study are beneficial for food sellers via social media in Indonesia.

Keywords: Halal Label, Trust, Brand Loyalty, Social Media Consumer, Food Business

1. INTRODUCTION

The global economy has been impacted significantly by the rapid expansion of e-commerce and the popularity of online social networks. One of the impacts is changes in consumer shopping behavior who use social media and e-commerce a lot (Shanmugam, 2016). The development of social media has drastically changed the advertising strategy. Many sellers do online advertising through social media, especially Facebook, to connect customers with the company and develop new opportunities for customers to know about their brands and products (Tran, 2017). Online sellers have used social networking sites to customize more and more attractive advertisements for customers to attract customers' attention. According to statistics, Facebook and Instagram are good venues for advertising because they have 1.39 billion monthly active users and 92 percent of social marketing firms have picked Facebook and Instagram as marketing tools. This fact contributed to Facebook and Instagram's income of $12.7 billion in 2014. (Tran, 2017). Furthermore, many small and large businesses and service providers prefer to create online ads on Facebook and Instagram because they are less expensive than other media.

The massive development of social media makes sellers, including food sellers with halal labels, carry out promotions there. The halal industry, especially in the food sales sector, is a cultural phenomenon (Wilson, 2014). It is evident from the number of products that use the halal label. In addition, many studies prove that the use of halal labels can increase product sales. Halal labels in the food industry make consumers interested in buying these products (Putri and Bulan, 2016; Rambe and Affifuddin, 2012). However, interest in purchasing halal food products is not always linked to customer trust and loyalty among Indonesian social media users. The possession of a halal certificate issued by an Islamic institution certifying that the food complies with Islamic dietary standards establishes the halal label (Ab Talib et al., 2015). Consumers will undoubtedly be influenced to purchase halal products as public knowledge of halal products grows. Meanwhile, spirituality has an impact on consumer loyalty and trust in halal products (Osmangani et al., 2013; Ali, Xiaoling, Sherwani, and Ali, 2018; Awan et al., 2015). Product quality, value, and satisfaction all influence loyalty in the quality-loyalty model (Cronin et al., 2000).

Although many studies discuss the factors that influence loyalty, few studies examine the relationship between consumer trust, especially those who use social media to shop for halal food on loyalty. This study intends to explore the behavior of social media users through trust and loyalty to halal cuisine in order to fill a research gap in the halal food literature. This study intends to see the impact of a favorable relationship between social media users' trust and loyalty for halal brand food businesses in Indonesia. Because Indonesia has the world's largest Muslim population, the researchers decided to perform their research there. However, halal food in this country still does not dominate the total food market (Arsil et al., 2018).
2. LITERATURE REVIEW

2.1 Social Media User Behavior in Halal Food Business Shopping in Indonesia

Consumption theory undoubtedly influences consumer purchase behavior on social media (Iqbal and Nisha, 2016; Shaikh et al., 2017). This theory explains the rational choice of consumers to fulfill their choice (Shah Alam et al., 2011). As Muslims, consumers in Indonesia will undoubtedly carry out shopping behavior by considering halal principles (Amin et al., 2011; Thye Goh et al., 2014). So that even though they use social media for shopping, they will still prioritize religiosity over rationality and needs (Khan, 1995). For Muslims, halal labels are not only part of the brand element in food products but are also evidence of trust, moral code of ethics, and integrity in the values of beliefs that will affect their daily lives (Wilson and Liu, 2010). Halal labels will make it easier for consumers to choose suitable ingredients for Islamic principles (Mohd Suki and Abang Saleh, 2016). Muslims benefit from the Halal mark, while non-Muslims benefit as well (Samad, 2019). It means that the halal label has a significant impact, such as increasing the purchase decision significantly for the consumed product that Muslims buy in Indonesia (Simbolon, 2019). Halal awareness makes society choose products with halal certification and give positive feedback (Efendi, 2020). It is more robust than product quality that cannot impact society's purchasing decision (Anggadwita et al., 2019; Cahya et al., 2020). But, the impact of the halal label is different in consumer's perception based on religion, gender, income, and educational background (Samad, 2019). Businesses choose to use the halal label to boost society's purchasing decisions (Anggadwita, 2019).

2.2 Halal Label in the Food Business

According to the Center of Halal Lifestyle and Consumer Studies (CHCS) research, 72.5 percent of Muslim consumers believe that eating halal food is vital and part of their Muslim requirement (Sasongko, 2018). When a food outlet displays the Halal emblem, it means that the entire food supply chain adheres to Islamic dietary laws, which strictly restrict the use of haram (forbidden) products or components (Zannierah et al., 2012). From a marketing aspect, the Halal logo is seen as a product differentiation tool for food producers (Mohayidin and Kamarulzaman, 2014). It gives the company a competitive advantage because the certification is expected to boost the company's financial outcomes, which is especially important in a competitive industry (Chatterjee, 2018; Wilson and Liu, 2010). Certification reduces the asymmetry of information and serves as a quality indicator (Gao et al., 2010). Furthermore, a logo improves perceptions of specific features, resulting in legitimacy and quality assurance that aids customer decision-making and lowers search costs.

As a result, the halal certification has grown in importance among customers. They have a hard time determining whether the meal is halal (permissible) in terms of its procedure, manufacture, hygiene, and production (Starr and Brodie, 2016). The halal label is considered as adding value to a certain market niche since more people are aware of its benefits. The use of the halal label has an impact on customer choices at the point of purchase (Mohayidin and Kamarulzaman, 2014) and benefits the Muslim market sector significantly (Zannierah et al., 2012). According to Mohtar et al., the halal logo is seen as a source of a strong product image (2014). By confirming the notion of halal, the halal logo builds trust among Muslim customers (Hamdan et al., 2013). A halal logo is expected to be associated with a strong brand image in the food business, boosting consumer trust and strengthening their affection for the company's products or services (Mukhtar and Butt, 2012).

2.3 The Effects of Trust Labels on Brand Loyalty

Various fields, including philosophy, economics, sociology, management, and marketing, have investigated the topic of trust (Corritore et al., 2005; Blois, 2002). We can forecast trust as a factor in deciding which entity to choose (Aljazzaf, 2010). In the internet purchase world, trust is critical. It is much more critical in corporate social platforms, where there is a higher level of uncertainty owing to a lack of face-to-face communication and a significant volume of user-generated information. In an online setting, trust is built on the belief that the other side is trustworthy. Trust is linked to judgments of competence, compassion, and honesty, according to Liu (2009).

The readiness or confidence of trade partners to form long-term ties in order to accomplish positive work, as well as the idea that service providers can establish long-term relationships with clients. Previous academics have paid close attention to the importance of trust in online communities (Chiu et al., 2009). However, no formal
guidelines for regulating member interactions are offered; trust is seen as a subjective substitute for regulations in order to foster a more open relationship environment (Ridings et al., 2002). After witnessing how others behave in the community (e.g., trust, fairness), satisfied individuals will decide to continue using their online platforms (Chiu, Lin, Sun, 2009). Kloutsiniotis and Mihail (2018) showed that trust is one of the essential variables that might affect consumers’ intentions to buy halal food in the halal food sector.

Customer loyalty is one of the keys to the success of the company’s existence. Increase customer loyalty means increase choice in high marketing competition (Hardjono et al., 2016). Customer loyalty can support a company’s position to survive on some condition. The number of loyal customers to the company will undoubtedly impact and contribute positively to the sustainability and progress of the company. The conduct of customers who make repeated purchases is often used to describe customer loyalty. Even while loyal customers’ contributions are restricted to that, they can be broader in scope and contribute more at times, such as customer loyalty to the brand and recommendations made by consumers to others who may later become potential customers of the company. Customer loyalty refers to a customer’s readiness to subscribe to a company or product over time by purchasing and utilizing its goods and services on a regular basis, preferably exclusively, and voluntarily promoting it to others. Customer loyalty is critical for business success in today’s competitive food business environment (Ali, Xiaoling, Sherwani, and Ali, 2018). Customers that are loyal will repurchase in the future, despite competitors’ marketing efforts. Furthermore, because foods are purchased for both physiological and psychological reasons, such as Halal food, buyers tend to inspect the food carefully before purchasing it (Suhartanto et al., 2019).

Companies still expect consumer loyalty because having loyal customers will attract more consumers than companies with loyal customers. Loyalty to the product is caused because consumers have put their trust and perceived value in the seller. Meesala and Paul (2018) are corroborated this research at several hospitals in India, which found that consumer satisfaction has a positive and significant influence on consumer loyalty. The trust variable is also a variable that affects loyalty. Chen (2015) looked into the beauty sector and discovered that trust has a favorable and significant impact on customer loyalty. De Reuver (2015) discovered the influence of trust on loyalty in the smartphone business, implying that the stronger consumer trust in the items offered, the higher consumer loyalty. This study forecasts customer trust in social media on labels based on the debate above. Their devotion to the halal food brand they consume will be influenced by Halal. Budianto (2019) investigated ways to promote customer loyalty and discovered that it had an impact on service quality.

3. RESEARCH METHODS

Sample dan data collection

This study collects data via Google forms and self-administered survey questionnaires from customers in Malang, Blitar, and Jombang. The questionnaires were distributed online using Google Forms. Around 116 questionnaires were distributed and returned for analysis. The selection of respondents using non-probability sampling from Muslim consumers with a minimum age of 18 years because that age is considered sufficiently knowledgeable and can make decisions to make purchases (Quoquab et al., 2018).

Figure 1. Proposed conceptual framework

The validity and reproducibility of this study were examined using partially least square (PLS) based structural equation modeling (SEM). This method can also be used to validate the model being sold in this study. In this study, the PLS approach has various advantages, including the ability to disclose latent variables, either reflective or formative, which covariance-based SEMs like LISREL and AMOS cannot. PLS also manages a sample that is not too large and does not require normally distributed data because direct estimation uses bootstrapping procedures. In actuality, SEM-PLS can handle multivariate data.

SEM-PLS can be used to build models, confirm ideas, and explain the presence or lack of latent variable correlations. As a result, SEM-PLS is a useful technique for determining the direct link between halal certification and brand loyalty. Meanwhile, by looking at the value of $z$, the Sobel test was utilized to evaluate the trust mediation roles. Multiple tests, according to Preacher and Hayes (2004), can be utilized to complement and statistically strengthen data gaps. As a result, Sobel
recommends examining the indirect effect using a variety of statistical techniques (Suhartanto et al., 2018).

**Measurements**

The measurements are based on the findings of earlier studies, with minor adjustments made to account for the characteristics of the respondents. Three items adopted from Aziz and Chok are used to determine halal status (2013). The three items from Pivato et al. (2008) were adapted for the measuring of trust, and this study examined consumer loyalty using Han and Ryu’s four items (2009). The scale used is a Likert scale with a range of 1–7, with 1 (strongly disagree) to 5 (strongly agree), and three academics from the Universitas Negeri Malang evaluated the questionnaire’s validity.

**Background Information about the Respondents**

In this study, 81 percent of women and 19 percent of men between the ages of 20 and 50 took part. The majority of those who responded work in the private sector (64 percent). Furthermore, the majority of the respondents are married (70 percent), have a bachelor’s degree (60 percent), have less than IDR 2,000,000 (54 percent), and work in a variety of occupations, including the private sector (75 percent). The demographic profile of the respondents will be presented in Table I.

**Table I. Respondent Demographic Background**

<table>
<thead>
<tr>
<th>Demographic Variable</th>
<th>Number of Respondents</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>Female</td>
<td>95</td>
<td>81</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 and less</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>20 – 50</td>
<td>75</td>
<td>64.10</td>
</tr>
<tr>
<td>More than 50</td>
<td>22</td>
<td>18.90</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Married</td>
<td>82</td>
<td>70</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior High School</td>
<td>7</td>
<td>5.98</td>
</tr>
<tr>
<td>Diploma</td>
<td>30</td>
<td>25.64</td>
</tr>
<tr>
<td>Bachelor</td>
<td>60</td>
<td>51.28</td>
</tr>
<tr>
<td>Master or PhD</td>
<td>20</td>
<td>17.10</td>
</tr>
</tbody>
</table>

**Table II. Structural Model Assessment (direct and indirect relationship)**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relation</th>
<th>β</th>
<th>SE</th>
<th>t-value</th>
<th>R²</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>HL → TR</td>
<td>0.44</td>
<td>0.08</td>
<td>5.73</td>
<td>0.23</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>TR → BRL</td>
<td>0.67</td>
<td>0.38</td>
<td>4.35</td>
<td>0.24</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>HL → BRL</td>
<td>0.36</td>
<td>0.04</td>
<td>3.37</td>
<td>0.13</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

**4. RESULT AND DISCUSSIONS**

This is an exploratory study (Richter et al., 2016) to see if there is a causal link between halal labelling and brand loyalty based on trust. As a result, PLS-SEM is required. To generalize the path coefficients and their significance level, the researchers will run the PLS algorithm followed by the PLS bootstrapping technique on the entire model (Hair et al., 2014; Tan et al., 2017). According to the findings, trust is a mediator in the relationship between halal labelling and consumer loyalty. The halal label has a positive link with trust (β= 0.445, p-value of 0.01), as shown in Table II. Furthermore, consumer loyalty is positively related to trust (β= 0.203, p-value of 0.01). Meanwhile, halal labels have a good direct association with consumer loyalty (β= 0.381, p-value of 0.01).

The halal label has a substantial beneficial relationship on consumer loyalty, with trust as a mediating component, according to this study. According
to prior research, halal labels influence trust (Chang, 2013; Quoquab et al., 2019), hence social media retailers should consider using halal labels on their products to boost consumer trust. This study also found that trust has a substantial positive association with consumer loyalty, which backs with prior research findings (Kassim and Asiah Abdullah, 2010; Quoquab et al., 2019). It demonstrates that when customers trust in a product, they will buy it again or promote it to others. Furthermore, although if the value is not as high as trust, the halal label has a considerable positive link with brand loyalty.

The results of the mediating effect also support previous research, namely, trust mediates between halal labels and consumer loyalty (Kloutsiniotis and Mihail, 2018; Lubis et al., 2016). It shows that the halal label has a direct and indirect relationship to consumer loyalty. Then we can conclude that consumers who use social media in Indonesia need halal labels and trust to maintain their loyalty.

This research contributes to the theory of the effect of halal labels on trust and brand loyalty, of which there are still few theories that discuss this. Of course, the results of this research are beneficial for the Indonesian people who are very committed to culture. This study will help food sellers in Indonesia immediately add halal labels to the food they sell on social media to increase consumer trust. With increasing consumer trust, of course, their loyalty will also be affected. Consumers who already have trust will not hesitate to provide recommendations to other potential consumers. Especially in social media, consumers who believe in a label are critical to generating purchase intentions in additional consumers. Customer trust can boost the market to give space to the product to boost loyalty to Muslims (Hwan et al., 2018). With trust and loyalty, the collaboration with other companies to promote the product can grow (Munir, 2021). Many producers give the halal label on the product to boost loyalty to Muslims (Hwan et al., 2018). With this collaboration, the product can be more assertive in a competitive market. It can make the distribution of the product from producer to customer easier. With easy distribution and high customer satisfaction, and brand loyalty from customers, the halal label will significantly sell.

5. CONCLUSION

This study has the result that the halal label affects trust, then trust affects consumer loyalty. Therefore, the results of this study are beneficial for food sellers via social media in Indonesia. However, this research certainly has limitations. The limitation in this study is that there is no measurement of satisfaction on quality and perceived value on halal products sold. In addition, the location of this study is still in urban areas. Nevertheless, it is hoped that the results of this study will provide further ideas for further research.
AUTHORS' CONTRIBUTIONS

Vika Annisa Qurrata has contributed to write the introduction and run the data for results and discussion. Meanwhile, Rani Dwiaistika Putri has contributed to write a literature review and translate this paper.

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