Indonesian Journal of Islamic Economics Research

Islamic branding, religiosity and consumer decision on products in IAIN Salatiga

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ARTICLE INFO	ABSTRACT
	Islamic branding practices have recently been the main discussions within practitioners' and academicians' in the recent years. Several experts reported that Islamic branding concept has attracted interests of many companies. Muslim consumers are to be more selective in consuming their products. The labelling of halal may not always guarantee that the product is. This study aims at finding out how Islamic branding influences consumers' decision and whether consumers' religiosity correlates with Islamic branding and their decision in choosing products. The population of this research academic community of IAIN Salatiga. The samples of this research are 100 randomly chosen participants. A 5-scale Likert questionnaire was used in this study and was then analysed using double linear regression model. The results indicated that Islamic branded has the power of 9.4 % in influencing customers' decision. Meanwhile, 90.6 % of customers' decision was influenced by other factors. Additionally, religiosity as the moderating variable weakens the correlation between Islamic branding variables and customers' decision. **** ***Islamic branding, religiusitas dan keputusan konsumen terhadap produk di IAIN Salatiga.*** Praktik *Islamic branding* telah mendapatkan perhatian yang cukup luas di kalangan akademisi dan praktisi dalam beberapa tahun terakhir. Beberapa ahli mengemukakan bahwa konsep *Islamic branding* semakin diminati oleh para produsen. Konsumen muslim dituntut selektif dalam memilih produk untuk dikonsumsi. Label halal pada bungkus produk belum tentu menjamin kehalalan produk. Tujuan penelitian ini adalah untuk mengetahui apakah *Islamic branding* berpengaruh terhadap keputusan konsumen dan apakah religiusitas memperkuat hubungan *Islamic branding* dan keputusan konsumen dalam mengkonsumsi produk. Populasi penelitian ini adalah komunitas akademik IAIN Salatiga. Sampel penelitian ini adalah 100 peserta yang dipilih secara acak. Kuisioner Likert 5 skala digunakan dalam penelitian ini dan kemudian dianalisis menggunakan model regresi linier berganda. Hasil penelitian menunjukkan bahwa *Islamic branding* memiliki kekuatan 9,4% dalam mempengaruhi keputusan pelanggan. Sementara itu, 90,6% keputusan pelanggan dipengaruhi oleh faktor lain. Selain itu, religiusitas sebagai variabel moderasi melemahkan korelasi antara variabel merek Islam dan keputusan pelanggan.

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1. Introduciton

The practice of *Islamic branding* has received considerable attention among academics and practitioners in this era. Some experts suggest that the concept of *Islamic branding* is increasingly in demand by producers. This is considering the growing Muslim population in the world. Data from the CIA (2009) states that the Muslim market covers 21.01 percent or around 1.43 billion of the entire world population and Muslims make up the majority in more than 50 countries in Asia, Africa and Europe. This data is supported by the fact that the Muslim market will grow to US $ 30 trillion by 2050 (Alserhan, 2010).

Based on the data above, it is not surprising that both Muslim and non-Muslim producers are competing to develop *halal* products in order to gain the Muslim market. There are three product categories targeted by producers. *First*, food, which is currently dominated by non-Muslim multinational companies such as KFC, Danone, Nestle, and others. *Second Lifestyle*, such as clothing, gadgets, cosmetics, and others are also still dominated by non-Muslim multinational companies. Three service sectors, such as banks, hospitals, hotels and others.

In particular, sharia banking services are currently dominated by Muslims, although it does not rule out the possibility of countries such as China, Britain, France also interested in developing this system. Indonesia as the largest Muslim country in the world is a potential market for producers. Producers are aware that Muslim consumers are easy targets for marketing their products. One of the strategies they implemented was *Islamic Branding*, namely using Islamic identity (with the words Islam, Sharia, Islamic names, *halal* labels) in marketing their products. *Islamic Branding* consists of 3 classifications, namely: *Islamic brand by complience, by origin* and *by customer*. In short, *Islamic branding* is factually used by products originating from Muslim countries, and non-Muslim countries which is make products for Muslim consumers. Examples of *Islamic branding* are Nestle products, KFC, CFC, which come from non-Muslim countries but are for Muslim consumption. They are willing to pay high fees to register their products to get *halal* certificates.

Muslim consumers are required to be selective in choosing products to be consumed. *Halal* label on product packaging does not necessarily guarantee the halalness of the product. This is consistent with research Yunus (2012) which states that both Muslims in Australia and in Malaysia sometimes do not just believe in products that are certified *halal*. They will further examine the ingredients listed in the product to ensure that the product is truly *halal* and worthy of consumption. According to Nasrullah (2015) that branding affects consumer decisions in purchasing products because many Muslim communities in Indonesia see new products the beginning of the making by companies have been entered the *halal* category.

Jumani and Siddiqui (2012) conducted a study of 100 students in Pakistan about *Islamic Branding*. The results of their research state that perception as a moderating variable is more influential on *Islamic Branding* than their level of monotheism. This means that students choose a product (*Islamic brand*) based on their perception of the product compared to its level of monotheism.

Yunus (2012) conducted a study of Muslim consumers in non-Muslim countries (Australia) and consumers in Muslim countries (Malaysia). The results of this study indicate that both Muslims in Australia and Malaysia sometimes do not simply believe in a product that is certified halal, they will further examine the ingredients listed in the product to ensure that the product is truly *halal* and worthy of consumption. This shows that Islam has become a *way of life* for them.

Alam, Mohd, and Hisham (2011) conducted a study of the consumption behavior (food, clothing and cars) of upper middle-income people in the Shah Alam and Bangi region, Malaysia. This study uses the variable of religiosity as a moderating variable to strengthen or weaken the

relationship between consumption factors (trends, quality, brand, etc.) and consumer behavior. The results of this study state that religion (Islam) has a great influence on consumer consumption behavior. On the other hand, salary, age, and other factors do not influence consumer decisions about products.

Alserhan (2010) in his research concluded that when Westerners do *brand* for Muslim consumers, all aspects of the *brand* must be taken into account. Baker stated that Muslim consumers are very sensitive to actions taken by producers and by producing countries. Muslim consumers will often boycott a product from a certain country if the country is considered insulting or harassing of Islam.

Mokhlis (2009) conducted a study of 300 respondents residing in the Kuala Lumpur region, Malaysia. This study uses the variable of religiosity as one aspect of consumer orientation in shopping. The respondents of this study involved interfaith respondents. The results of this study indicate that three shopping oerient factors, namely price, quality and *Impulse shopping* are related to religiosity. It can be concluded that religiosity can be included in one of the factors of consumer behavior.

Based on the background above, this study aims to determine the effect of *Islamic Branding* and religiosity on consumer decisions (academic community of IAIN Salatiga) in buying food products, beverages and cosmetics. Specifically, this study aims to examine the problem of Islamic Branding, religiosity and consumer behavior, which is packaged with the formulation of questions. How does the influence of Islamic Branding on consumer decisions in buying food products, beverages and cosmetics? How does the influence of Islamic Branding on consumer decisions with religiosity as a moderating variable in buying food products, beverages and cosmetics?

2. Literature Review

Consumer Behavior

There are two main factors, which can influence consumers to buy a product, namely external and internal factors. External factors are able to affect consumer behavior namely: (1) culture, namely the consumer's decision to make a purchase is influenced by habits, mindsets, beliefs and values applied in the consumer society where they lives; (2) social class, it is common knowledge that social classifications often occur in society, viewed from power, wealth, knowledge and so forth, which will also affect the goods to be consumed; (3) family, family can also influence the consumer's decision to buy a product because there is a father, mother, uncle, aunt, grandfather, grandmother, who can contribute to the decision of product purchase (Hurriyati, 2010).

While internal factors, which can influence consumer decisions are (1) motivation, namely the encouragement and individual needs to obtain satisfaction; (2) observation, that is an orientate reaction to stimuli, even though the stimulation is in the form of a foreign object, it is foreign because it has never been experienced (Swastha & Handoko, 2013); (3) learning, behavior changes due to experience, such as someone will buy a product more than once if the product is satisfying; (4) personality and self-concept, there are three elements of personality that can influence consumer decisions, namely knowledge, feelings and instincts; (5) attitude, namely the tendency to react to products in problems that are good or not good consequently (Swastha & Handoko, 2013).

Islamic Branding

A product can attract consumers if they have a *brand*. *Branding* has a place in the minds of consumers, not in the real world. *Branding* is not a battle to determine who can make a better product, but who can create a better perception (Tai & Chew, 2012).

Islamic Branding can be interpreted as the use of names related to Islam or showing *halal* identity for a product. For example: Islamic hotels, Islamic hospitals, Wardah, KFC, and others. *Islamic branding* is classified in three forms (Alserhan, 2010). First, *Islamic brand by complience. Islamic brands* must indicate and have a strong appeal to consumers by complying with and obeying Islamic sharia (Jumani & Siddiqui, 2012). *Brands* included in this category are *halal* products, produced by Islamic countries, and intended for Muslim consumers. Second, *Islamic brand by origin.* The use of a *brand* without having to show the *halal* nature of the product because the product originates from the country of origin the product is already known as an Islamic country. The last, *Islamic brand by customer.* This *branding* comes from non-Muslim countries but its products are enjoyed by Muslim consumers. This *branding* usually includes a halal label on its products in order to attract Muslim consumers.

Religiosity

Delener on 1990 states that religiosity is one of the important driving factors and can affect consumer behavior (Essoo & Dibb, 2004). This is based on consumers' decision to buy products depending on their level of faith.

According to Glock and Stark there are five dimensions of religiosity (Reitsma, Scheepers, & Grotenhuis, 2006). First, dimension of faith/ideology. This dimension refers to the level of Muslim belief in the truth of religious teachings, especially those that are fundamental and dogmatic. In Islam, this dimension is related to the pillars of faith, which contain six beliefs, namely belief in the existence and Oneness of Allah SWT, trust in angels, His Apostles, His Books, the existence of doomsday, and the *qadha* and *qadar* of Allah SWT. The concept of monotheism or recognition of the Oneness of Allah SWT is the basis of this dimension.

Second, Dimension of practice. This dimension relates to commitment and obedience to the religion it embraces, which is manifested in rituals or worship. This dimension is divided into two, namely; 1) Ritual, refers to a set of formal religious actions and sacred practices expect its adherents to carry out. In Islam, the forms of ritual referred to include: prayer, fasting, alms giving (*zakat*), pilgrimage for those who are able, reading and practicing the Koran, sacrifice and others. 2) Obedience, obedience and ritual are like fish and water. When someone already knows the rituals must be performed, then as far as possible the ritual is carried out as much as possible to show that "I am a person who is obedient and committed to religion."

Third, dimension of experience. This dimension relates to how great a person is in experiencing his religious experiences. This dimension is manifested in a feeling of gratitude to Allah, trusting in Allah will grant our prayers, being devoted when praying, feeling shaking his heart when hearing the verses of the Koran, being helped from death due to giving, Allah is giving *rizqi* and others.

Fourth, Dimension of religion knowledge. This dimension refers to the level of knowledge and understanding of Muslims in the teachings of their religion, especially the basic teachings contained in the Koran. Understanding of religion can be achieved through rational empirical and textual normative activities. Religious knowledge can be obtained from reading religious books, attending *majlis ta'lim* or recitation, listening to religious programs on the radio, watching religious shows on TV and so forth.

The last, Dimension of consequence .This dimension refers to how much Muslim behavior is influenced by religious teachings. This dimension is reflected in the behavior of a pious person (carrying out His commands and avoiding His prohibitions), which includes: helpful behavior, charity, being fair to others, being honest, not corrupting, not drinking, not gambling, not doing prostitution/free sex, and so forth.

3. Research Method

Population and Research Sample

The population of this research is the entire academic community of IAIN Salatiga (lecturers, education staff and students). The sample of this study was taken randomly (*random sampling*) and 100 samples were taken.

Source of Data

Data of the research was obtained from two sources, namely primary data from questionnaires filled out by respondents, and secondary data from books, journals, internet, and other sources supporting this research.

Method of Data Collection

Data collection was carried out by giving questionnaires containing structured questions to the respondents. The scale used in this questionnaire is a Likert scale with five (5) levels of answers, starting from answers that strongly disagree (1) to strongly agree (5).

Definition of Variable Operational

Variable of this research consist of; a) Dependent variable. The dependent variable of this study is consumer decisions. Indicators of consumer decisions in this study are internal factors of consumers, namely motivation, observation, learning, personality and concepts and attitudes. b) Independent variable. The independent variable of this study is *Islamic Branding*, which consists of three characteristics, namely: *Islamic Brand by complience, Islamic Brand by origin* and *Islamic Brand by customer* (Jumani & Siddiqui, 2012). c) Moderating variable. The moderating variable of this study is religiosity. Religiosity is measured based on the five dimensions of Glock and Stark.

Method of Data Analysis

Data analysis in this study consisted of three stages. The first stage is testing the quality of the data by using data validity and reliability. The second stage, the classic assumption test using data normality test, heteroscedasticity test and multicollinearity test. The last stage is testing the hypothesis by using multiple regression analysis to determine the effect of the independent variable (*Islamic Branding*) on the dependent variable (consumer decision) and the effect of religiosity on the relationship of the two variables. The multiple regression equation in this study is:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_1 X_2 + e$$

Note:
Y   = consumer decision
a   = constanta
X_1 = *Islamic branding*
X_2 = religiosity

4. Result and Discussion

Effect of *Islamic Branding* on the consumer decision

Table 1. Result of Hypothesis Test

Model	Coef.	Std. Error	t	Sig.
1(Constant)	19.089	3.028	6.305	.000
IBRAND	0.274	0.077	3.554	.001

Based on Table 1, the results of hypothesis testing show that the significance value of 0.01 under 0.05, this means that *Islamic branding* has a significant effect on consumers' decision to buy a product. These results are the same as research conducted by Alserhan (2010); Jumani and Siddiqui (2012) which states that a Muslim's perception of a brand characterized by Islam greatly influences their decision to buy the product. In fact, Alserhan (2010) states that people are very sensitive to what producers do to Muslims. For example, when America and Israel attacked Palestine, Muslim consumers will immediately boycott products originating from that country in protest against American and Israeli policies that attack Muslim brothers.

Sensitivity of the public to the product to be purchased is a natural thing. In this study, the respondents are the academic community of IAIN Salatiga consisting of lecturers, education staff and students who on average have high knowledge or intellectuality, so it is not surprising if the use of *Islamic branding* influences their decisions on a product. *Islamic branding* as part of a product not only uses the name Islam as a factor to attract consumers, but also in the selection of raw materials, production processes and others must be considered so that public trust will be formed which will ultimately lead to loyalty.

The model of purchasing decision according to Kotler (2005), among others, first is the recognition of problem (*Problem Recognition*), which is the process starting when the buyer is aware of a problem or need, the buyer feels the difference between the real and the resulting case, the marketer examines carefully what is needed by consumers.

Second, searching of information (*Information Search*), namely sources of consumer information are divided into four groups, namely personal sources, commercial sources, public sources, and sources of experience. Marketing must identify the sources above carefully and assess the importance of each of these sources. Then the company must stimulate the marketing mix elements quickly, precisely, and directed so that buyers pay serious attention to consider their desires therefore the opportunities can be recruited.

Third, the Assessment of Alternative (*Alternative Evolution*), namely at this stage consumers make an assessment of the product to be bought, consumers arrange brands in an alternative set of five basic concepts for marketers in the assessment of alternative consumers, namely: the characteristics of the product, what become the speciel characteristics and consumer' attention to the product or service, marketers should pay more attention to the importance of product characteristics rather than the prominence of product characteristics, consumer confidence in prominent brands, function of benefit, namely how consumers expect satisfaction obtained from products with different levels of alternatives each day and how the assessment procedures are carried out by consumers of the many characteristics of the goods.

Fourth, the Decision for Buying (*Purchase Decision*), namely the Assessment of the buying decision is preceded by the intention of the purchase decision, meaning what causes the intention to purchase it. Fifth, *Post-Purchase Behavior* is the satisfaction of the buyer after they bought the product. There are several levels of satisfaction that is very satisfied, a little satisfied, disappointed and very disappointed.

Based on the above explanations, it can be concluded that the process of consumer decision will consist of the stage of need recognition, information search. Evaluate alternatives, purchase, and customer satisfaction.

Effect of religiosity as moderating variable

The results of data processing in Table 2 show that the *adjusted R square* value is 0.094, while the *adjusted R square* value when entering moderating variables shows a value of 0.082. This indicates that religiosity as a moderating variable weakens the relationship between the variable of

Islamic branding and consumer decisions. Delener on 1990 states that religiosity is one of the important driving factors and can affect consumer behavior (Essoo & Dibb, 2004). This is based on consumers' decision to buy products depending on their level of faith.

Table 2. Result of *R Square*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.320	0.102	0.094	3.200
2	0.326	0.106	0.082	3.222

According to Glock and Stark there are five dimensions of religiosity, namely: First dimension of belief/ideology, this dimension refers to the level of Muslim belief in the truth of religious teachings, especially those that are fundamental and dogmatic (Reitsma et al., 2006). In Islam, this dimension is related to the pillars of faith, which contain six beliefs, namely believing in the existence and Oneness of Allah, believing in angels, His Apostles, His Books, the existence of doomsday, and *qadha* and *qadar* Allah SWT. The concept of monotheism or recognition of the Oneness of Allah SWT is the basis of this dimension.

Second, dimension of practice is that this dimension is related to the commitment and obedience to the religion it adheres to, which is manifested in rituals or worship. This dimension is divided into two, namely: Ritual, refers to a set of formal religious actions and sacred practices that expect its adherents to carry out. In Islam, the form of rituals intended among others: Prayer, fasting, almsgiving, pilgrimage for those who are able, reading and practicing the Koran, sacrifice and others. Obedience, obedience and ritual are like fish and water. When someone already knows the rituals must be performed, then as far as possible the ritual is carried out as much as possible to show that "I am a person who is obedient and committed to religion."

Third is the Dimension of experience, which is related to how much level a person feels in his religious experiences. This dimension is manifested in a feeling of gratitude to Allah, trusting in Allah will grant our prayers, being devoted when praying, feeling shaking his heart when hearing the verses of the Koran, being helped from death due to giving, Allah is giving *rizqi* and others.

Fourth, dimensions of religious knowledge, this dimension refers to the level of knowledge and understanding of Muslims in the teachings of their religion, especially the basic teachings contained in the Koran. Understanding of religion can be achieved through rational empirical and textual normative activities. Religious knowledge can be obtained from reading religious books, attending *majlis ta'lim* or recitation, listening to religious programs on the radio, watching religious shows on TV and so forth.

Fifth is the dimension of consequence, this dimension refers to how much Muslim behavior is influenced by religious teachings. This dimension is reflected in the behavior of a pious person (carrying out His commands and avoiding His prohibitions), which includes: helpful behavior, charity, being fair to others, being honest, not corrupting, not drinking, not gambling, not doing prostitution/free sex, and so forth.

These results contradict the results of several studies such as, Mokhlis, (2009); Alam et al. (2011); Yunus,(2012) who conducted research in Malaysia and concluded that one of the variables influencing consumers' decisions in buying products is religiosity or adherence to their religion. They also concluded that when Islam had become the *way of life* of society, everything would be carried out carefully, including in terms of product consumption.

The results of this research indicate that religiosity actually weakens the relationship between *Islamic branding* and consumer decisions. This indicates that the characteristics of the people of

Malaysia and Indonesia tend to be different. Indonesian society tends to be consumptive so they prioritize desires over needs and religiously do not make religion as the *way of life*.

5. Conlusions

By viewing the results of the research have been discussed, the answers to the problem statement in this research are; 1) *Islamic branding* has a contribution to consumer decisions on a product by 9.4%, and 90.6% of consumer decisions are influenced by other factors. 2) *Islamic branding* has a significant effect on consumers' decisions to buy a product. 3) *Islamic Branding* of consumer decisions with religiosity as a moderating variable in buying products where religiosity has a weakly influence

6. Acknowledgment

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