
The Influence of Halal Labels and Food Ingredients on Purchasing Decisions for Mikro, Small, Medium Enterprises Food Products in Madiun City

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Abstract: This study aims to analyze the influence of halal labels and food ingredients on purchase decisions for food products in Madiun City. Indonesia, as the country with the largest Muslim population, shows an increasing demand for halal-certified products, with approximately 13 million products certified as of 2020. Halal labels not only ensure compliance with Islamic law but also build consumer trust. Additionally, health awareness leads consumers to prefer products made from natural ingredients, which play a significant role in purchasing decisions. This research employs a quantitative method through surveys of consumers in Madiun to identify the relationships between halal labels, ingredient quality, and purchase decisions. The results are expected to provide insights for Micro, Small, and Medium Enterprises in formulating effective marketing strategies and enhance understanding of the importance of halal certification in increasing competitiveness in the increasingly competitive food market. These findings are anticipated to assist for Micro, Small, and Medium Enterprises in Madiun in understanding Muslim consumer behavior and encouraging the adoption of better halal standards.

Keywords: Halal Label, Food Ingredients, Purchase Decision, Micro, Small, and Medium Enterprises.

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1. Introduction

Indonesia is the country with the largest Muslim population in the world, making halal labeling an important aspect of consumer purchasing decisions. According to data from the Halal Product Assurance Agency, as of 2020, there are approximately 13 million products that have received halal certification in Indonesia, reflecting the high demand and desire of society for products that meet halal standards (BPJPH, 2020). Halal labels not only serve as a guarantee of safety and compliance with Islamic law but also play a role in building consumer trust in the products they consume (Abdullah & Hidayah, 2019).

Halal labeling encompasses more than just certification; it also involves strict oversight of ingredients and production processes. Food ingredients allowed in halal products must meet certain criteria, including the absence of haram substances (such as pork and alcohol) and must be produced in accordance with Islamic law. Research by Aini and Supriyadi (2021) indicates that consumers tend to choose halal-certified products because they believe those products are safe and of high quality.

In addition to halal labels, the ingredients used in products also play a significant role in purchasing decisions. With the rising awareness of health issues, many consumers now prefer products made from natural and high-quality ingredients. Research by Fitriani and Anwar (2020) shows that health-conscious consumers are more likely to select products with natural ingredients, influencing their purchasing decisions. According to a study by Sari and Yuliana (2020), around 70% of consumers in Madiun consider information about food ingredients important when making purchasing decisions. Therefore, a deep understanding of the influence of these two factors is crucial for MSME actors in formulating effective marketing strategies.

Amid the rapid growth of Micro, Small, and Medium Enterprises in cities like Madiun, the implementation of halal labeling can serve as a significant differentiating factor to attract consumer attention. Madiun, as one of the cities in East Java, has many MSMEs operating in the food sector. Based on data from the Madiun Cooperative and Micro, Small, and Medium Enterprises Office, in 2021, there were over 1,500 Micro, Small, and Medium Enterprises in the food sector operating in this city, yet many have yet to obtain halal certification (Dinas Koperasi dan Usaha Mikro, 2021).

This research aims to comprehensively analyze the influence of halal labels and food ingredients on purchasing decisions for food products in Madiun City. By studying the relationships between

variables, it is expected to provide a clearer picture of Muslim consumer behavior in Madiun within the context of the halal food market. Additionally, the results of this study are anticipated to offer insights for food industry players regarding the importance of adhering to halal standards and maintaining product quality to enhance competitiveness in an increasingly competitive market.

2. Materials and Methods

2.1 *Concept of Halal*

Label Halal labels are markers indicating that a product meets Islamic sharia standards. According to Awan et al. (2015), halal labels not only serve as a guarantee of food safety but also as a marketing tool that can enhance consumer trust. In Indonesia, where the majority of the population is Muslim, halal labels become a crucial factor in purchasing decisions (Kusumawati, 2018).

2.2 *The Influence of Halal Labels on Purchase Decisions*

Several studies have shown that halal labels have a significant influence on consumer purchasing decisions. According to Ali et al. (2019), consumers are more likely to buy products with halal labels due to factors of belief and adherence to religious teachings. This is in line with research by Nasution et al. (2020), which found that the presence of halal labels increases consumer interest in the food sector.

2.3 *Food Ingredients and Purchase Decisions*

Food ingredients also play an important role in purchasing decisions. Consumers are becoming increasingly aware of the importance of selecting quality and safe ingredients for consumption. According to Setiawan (2017), natural and organic food ingredients tend to be more favored, as they are perceived to be healthier and of higher quality. Research by Handayani (2021) indicates that the quality of food ingredients has a direct influence on consumer perception and purchase decisions.

2.4 *Micro, Small, and Medium Enterprises and Food Product Marketing*

Micro, Small, and Medium Enterprises are a vital part of Indonesia's economy, including in the food sector. According to the Ministry of Cooperatives and Micro, Small, and Medium Enterprises (2020), Micro, Small, and Medium Enterprises significantly contribute to the gross domestic product (GDP). Effective marketing of Micro, Small, and Medium Enterprises food products, including the use of halal labels and the selection of quality ingredients, can enhance competitiveness and attract consumers (Widyastuti, 2019).

2.5 *Related Research in Madiun City*

Several previous studies conducted in Madiun City indicate that the local community has a high awareness of the importance of halal labels when selecting food products. A study by Prasetyo (2022) found that the majority of consumers in Madiun prefer food products with halal labels and consider food ingredients as a primary factor in their purchasing decisions.

2.6 *Methods*

This study employs a qualitative approach to understand the influence of halal labels and food ingredients on purchasing decisions for Micro, Small, and Medium Enterprises food products in Madiun City. The qualitative method allows the researcher to explore the subjective views and experiences of consumers as well as Micro, Small, and Medium Enterprises actors, thereby uncovering deeper insights into the factors influencing purchasing decisions (Creswell, 2014).

The population in this study consists of consumers of food products sourced from Micro, Small, and Medium Enterprises in Madiun City, as well as Micro, Small, and Medium Enterprises owners involved in food production. The selection of the research location focuses on areas with a significant concentration of food Micro, Small, and Medium Enterprises, ensuring that the data collected reflects relevant conditions. Previous research by Fitriani and Anwar (2020) indicates that consumers have a strong preference for halal-certified products, making Madiun Micro, Small, and Medium Enterprises an appropriate site to further investigate the impact of halal labeling on decision-making.

The sampling technique employed is purposive sampling, which involves selecting individuals who are deemed to have relevant knowledge and experience related to the research topic. In this study, the researcher will conduct in-depth interviews with 15 consumers and 10 Micro, Small, and Medium Enterprises owners. The selected consumers are those who regularly purchase food products from Micro, Small, and Medium Enterprises in Madiun, while the Micro, Small, and Medium Enterprises owners are those who have been operating and possess halal-certified products or are in the process of

obtaining certification. Research by Abdullah and Hidayah (2019) emphasizes the importance of selecting appropriate respondents in qualitative research to obtain valid and representative data. By this means, the study aims to generate rich and in-depth data regarding the influence of halal labels and the quality of food ingredients on purchasing decisions.

3. Results and Discussion

Based on the interviews conducted, several key findings emerged as follows:

3.1 Influence of Age

The results indicate that respondents in the 20-35 age group are more responsive to halal labels in their purchasing decisions. They view the label not only as a religious obligation but also as a symbol of a healthy and modern lifestyle. For instance, a 28-year-old respondent emphasized, "I believe that halal-certified products are also of higher quality and healthier." In contrast, older consumers (36-50 years) tend to prioritize taste and price as their main factors, although they still value the presence of halal labels. This suggests that marketing approaches need to be tailored to different age groups to effectively capture consumer attention.

3.2 Religious Background

All respondents in this study are Muslim, indicating that religious background plays a significant role in purchasing decisions. Respondents consistently expressed that halal labels provide a sense of security and comfort, with one respondent stating, "Halal labels ensure that I am not violating my religious principles." This trend aligns with previous research by Abdullah and Hidayah (2019), which found that halal labels are a primary criterion for Muslim consumers when choosing products. The study demonstrates that halal labels are perceived not only as a quality guarantee but also as a form of religious identity for consumers.

3.3 Quality of Food Ingredients

Seventy percent of respondents affirmed that the quality of food ingredients is a primary consideration in their purchasing decisions. They prefer products that use natural ingredients and are transparent about their composition. One 35-year-old respondent remarked, "I always check the ingredients. If there are chemicals or preservatives, I definitely won't buy it." These findings indicate that consumers today care not only about halal aspects but also about health and sustainability. They tend to choose products that are not only halal but also good for their health, reflecting a growing health consciousness among consumers.

3.4 Gender Preferences

The research findings reveal differences in gender preferences related to purchasing decisions. Female respondents are more likely to pay attention to halal labels and the quality of ingredients compared to male respondents. Many homemakers expressed the importance of ensuring that the food they purchase is safe and compliant with Islamic law. One homemaker stated, "I feel responsible for choosing good food for my family." This finding suggests that women often play a decision-making role in family food purchases, making them an important target in halal product marketing strategies.

3.5 Perception of Micro, Small, and Medium Enterprises Marketing

Micro, Small, and Medium Enterprises owners indicated that halal certification and the use of high-quality ingredients significantly support their marketing strategies. They reported an increase in sales after obtaining halal certification, with one business owner stating, "We have seen that consumers are more interested in buying our products after we received the halal label." This indicates that Micro, Small, and Medium Enterprises owners understand the importance of branding and marketing focused on halal certification. Therefore, Micro, Small, and Medium Enterprises actors need to invest in obtaining certification and ensuring that their products meet the quality standards expected by consumers.

4. Conclusion

This study reveals that halal labels and the quality of food ingredients significantly influence purchasing decisions for food products produced by Micro, Small, and Medium Enterprises (MSMEs) in Madiun City. Younger consumers aged 20–35 tend to prioritize halal labels as part of a healthy

lifestyle, while older consumers focus more on taste and price. All Muslim respondents consider halal labels a key factor in product selection, as it provides a sense of safety and confidence when shopping. Consumers also place high value on ingredient transparency, with a preference for products made from natural ingredients. Women generally pay more attention to halal labels and ingredient quality, often serving as the main decision-makers in family food purchases.

On the other hand, MSME owners acknowledge that halal certification and the use of high-quality ingredients help increase product appeal in the market. They recognize the growing awareness among consumers regarding food safety and religious compliance. This insight encourages MSMEs to improve their product standards to align with consumer expectations. As consumer behavior becomes more selective, understanding these influencing factors becomes crucial for business sustainability. Therefore, MSMEs are advised to integrate these considerations into their marketing strategies to better meet consumer needs and remain competitive.

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