

## *Which One Is Important? Halal Labeling Or Viral Marketing (Case Study of Medan City Kopi Kenangan Consumers)*

Brian Fineda Gultom<sup>1</sup>, Natal Angelie Harefa<sup>2</sup>, Asyam Maulana Mahdi Zebua<sup>3</sup>, Siti Fadiah<sup>4</sup>, Julian Ariyu Ginting<sup>5</sup>, Pandu Arief Ridwan<sup>6</sup>, Rinaldo Lumban Gaol<sup>7</sup>, Nova Rajagukguk<sup>8</sup>, Siti Alhamra Salqaura<sup>9\*</sup>

Business and Economy Faculty, Universitas Medan Area

\*Corresponding author email: [sitalhamrasalqaura@staff.uma.ac.id](mailto:sitalhamrasalqaura@staff.uma.ac.id)

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**Abstract.** *Halal labeling is the inclusion of halal writing or statements on packaging or products to show that the product in question has the status of a halal product. This research is motivated by the purchase decision of a product made by consumers. Achieving this goal can be done with various strategies including implementing viral marketing sales techniques, explaining the importance of halal labeling, and paying attention to consumer trust. This study aims to measure Halal Labeling and Viral Marketing on consumer trust and purchasing decisions of Kopi Kenangan and knowing Halal Labeling and Viral Marketing on purchasing decisions. The method used is the quantitative method, using a purposive sampling technique with a simple linear regression research method, a sample of 200 respondents to the people of the city of Medan. The data collection technique uses a questionnaire for people aged > 17 years who have purchased memorable coffee at least 2 times. To reduce errors in the data, SPSS is used to determine the extent to which halal awareness influences product purchasing decisions at Kopi Kenangan. For further research, it is better to use other variables and a more diverse population so that the results are more specific.*

**Keywords:** *Halal Labelling<sup>1</sup>, Viral Marketing<sup>2</sup>, Purchase Decision<sup>3</sup>.*

### **Introduction**

As a country with the largest Muslim population in the world, Indonesia has a very large market potential for halal products. The State of The Global Islamic Economy Index (GIEI) Report 2017/2018 published by Thomson Reuters in collaboration with Dinar Standard (2017) stated that Indonesia is ranked 9th out of 15 countries with the highest Sharia economic development. Meanwhile, the halal food and beverage sector has now become the sector with the greatest potential in Indonesia. In 2017, spending on halal food and beverage products in Indonesia reached 170.2

billion US dollars. Given the large potential for halal food products in Indonesia with a clear and promising target market, it certainly encourages the growth and development of halal-labeled food producers.

Halal labeling is the inclusion of writing or a halal statement on product packaging to indicate that the product in question has the status of a halal product. Halal comes from Arabic, which means to free, solve, dissolve, and allow. Halal comes from Arabic, which means to free, solve, dissolve, and allow. Halal is anything that is permitted, does not contain transactions that are prohibited by Islamic law, and has been legitimized by Sharia to carry out the

matter (AthThawil, 2016). Sharia rules allow everyone to eat and drink or consume anything including pharmaceuticals, which are preferred as long as the product is halal (Sayekti, 2014). There are several rules regarding the halal and haram status of a product, namely (Rohman, 2012:2)

- Everything is permissible, with a few exceptions that are specifically prohibited.
- Making any product permissible or forbidden is the sole right of Allah SWT.
- Forbidding what is halal and making lawful what is haram is similar to shirk (associating partners with Allah SWT).

Halal-certified products have a large market opportunity, with estimates that halal product marketing in the global market has currently reached a value of more than 600 billion dollars. According to Hernawati (2019) as reported by *republika.co.id*, the halal industry this year is a priority sector that will be developed by the government through the 2019 National Sharia Finance Committee (KNKS) master plan. The increase in this industry is expected to drive the growth of national sharia finance. With a very large spending of 218.8 billion US dollars in 2017, based on the Global Islamic Economy report, Indonesia represents the largest halal industry market in the world. This value will continue to grow by around a compound annual growth rate (CAGR) or an average combined growth ratio of five to six percent per year.

*Viral marketing* is a way to reduce uncertainty because by asking friends, neighbors, and family, the information will be more quickly trusted, and clear and there is an interesting impression, thus reducing the time for searching and evaluating brands and ultimately increasing purchasing decisions. The application of viral marketing can happen by itself without being intentional.

However, all these conversations always have a source, there is something that strengthens so that communication can spread quickly. Marketers can act as a source. In addition, marketing can also be a trigger for the spread of word-of-mouth communication (Surniandari, 2017).

The trust of a consumer or customer in the company is very much needed because business through viral marketing uses an internet network that does not meet face-to-face transactions. In an article entitled *The Six Simple Principles of Viral Marketing* Hamdani and Mawardi (2016) explain that viral marketing describes a marketing strategy that encourages individuals to convey messages to others, creating the potential for the message to grow and spread like a virus, such as taking advantage of the message distribution strategy that will continue to grow from thousands to millions. Seen from technological advances.

### **1. The Influence of Halal Labeling on Purchasing Decisions**

The halal label is the inclusion of writing or a halal statement on the product packaging to indicate that the product in question has the status of a halal product. The halal label is obtained after obtaining a halal certificate. According to the Technical Instructions for the Halal Production System issued by the Ministry of Religion, a halal certificate is a written fatwa from the Indonesian Ulema Council (MUI) stating that a product is halal following Islamic law. This halal certificate is a requirement to obtain permission to include a halal label on product packaging from an authorized government agency. What is meant by a halal product is a product that meets the halal requirements in accordance with Islamic law. So that people can easily make decisions to purchase products. Purchase Decision Hawkins and Mothersbaugh (2010; 609) explain the definition of a purchase decision as an evaluation process carried

out by consumers on the attributes of a set of products, brands, labels, or services so that consumers can rationally choose one of the products, brands, or services that can meet their needs. The evaluation stage states that consumers will make a selection of a product to form an intention to buy. Consumers will buy objects that they think are better (Kotler and Keller, 2009; 188). From the conclusion above, it is very clear that the inclusion of the halal label is an indicator of purchasing decisions by consumers.

## **2. The Relationship Between Halal Labeling and Consumer Purchasing Decisions**

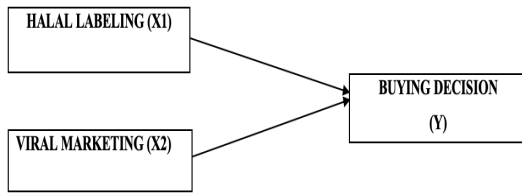
According to Rangkuti (2010) in his research, he stated that halal labeling is less of a concern for consumers because they do not understand or are not informed about food products that have included the halal label. Therefore, the government still needs to provide information about this halal label to the public, especially Muslims. Meanwhile, according to Suryani (2012) in his research, it showed that only a few people know about the halal label so the relationship between the halal label and purchasing decisions is very small. Therefore, related parties need to provide socialization about products that are halal for consumption. According to Hawa (2007), the halal label on product packaging circulating in Indonesia is a logo composed of Arabic letters that form the word halal in a circle. The halal label is related to purchasing decisions. According to Wallendorf and Reilly in Setiadi (2010), culture is a set of behavioral patterns that are socially transmitted symbolically through language and other means to members of a particular society. Furthermore, according to Setiadi (2010), cultural symbols can be something invisible (such as attitudes, beliefs, values, language, and religion) or something visible (equipment, housing, products, and works of art).

## **3. The Influence of Viral Marketing on Purchasing Decisions**

Relationship Between Viral Marketing and Purchasing Decisions In Hidayati's research (2018), it was proven that viral marketing has a significant effect on purchasing decisions. Muliajaya, Sujana, and Indrayani (2019) also proved that viral marketing has a significant partial effect on purchasing decisions. Likewise, research conducted by Farih, Jauhari, and Widodo (2019) found that viral marketing has a positive effect on purchasing decisions. Viral marketing can influence purchasing decisions because viral marketing spreads and receives information faster on social media. Hidayati (2018) stated that viral marketing is one of the easiest things to get information by discussing products to be purchased, including price, quality, and so on. With consumers talking about products, it will be easier to decide on purchases.

## **4. The Relationship Between Viral Marketing and Purchasing Decisions**

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**Figure 1. Framework of Thought**

**Hypothesis**

H1: Halal logos are important in purchasing decisions

H2: viral marketing is important in purchasing decisions.

**Research Methodology**

The data collection technique used a purposive method using a questionnaire for primary data and a literature study for secondary data. The researcher also used 10 Online Questionnaire questions using Google Forms to reach more respondents in a faster time. The population in this study were the people of Medan who had purchased food and drinks at Kopi Kenangan at least 2 times in Medan city, had official halal certification, and were <17 years old. The sample used was 200 respondents with a sampling technique using the Purposive Sampling method, namely a sample determination technique based on certain considerations (Sugiyono, 2016). The data used in this study were primary data sourced from distributing questionnaires using a nominal scale. Data processing in this study uses SPSS 26.0 (Statistical Program for Social Sciences) software to make it easier for researchers to manage data and reduce the level of error.

**Results and Discussion**

This section consists of the results of validity and reliability tests and analysis of the results. Based on the validity test of X1 and X2 variables, the data has been categorized as valid datas.

Furthermore, based on the reliability test shown in Table 1.

Table 1. Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.954	22

The results of the reliability test showed the results of Cronbach's Alpha 0.952 (Cronbach's Alpha > 0.60). So it can be interpreted that the statement is stated as reliable. All questions can be said reliable for this research.

Assumption tests are statistical requirements that must be met in OLS-based multiple linear regression analysis. There are several types of classical assumption tests:

**1. Normality Test**

Normality test can be seen with p-plot and Kolmogorov-Smirnov value.

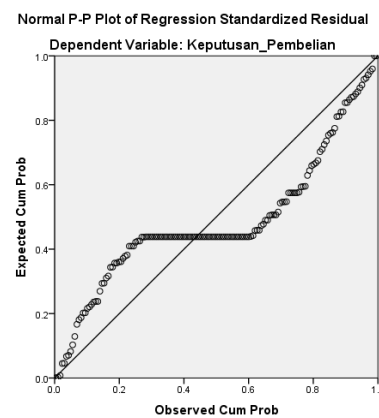


Figure 2. P-Plot Test

The normality test can be seen from the P-plot where the results show that the points are spread along the diagonal line. This indicates that the data is normally distributed.

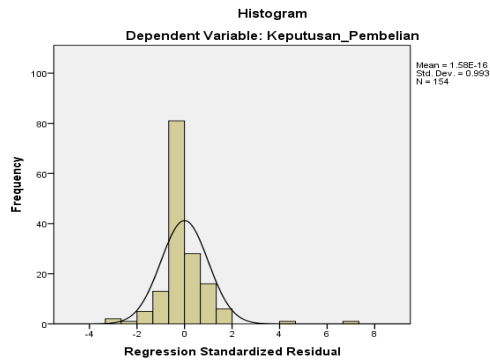


Figure 3. Histogram  
Based on the histogram graph above, it can be concluded that the data is normally distributed because it has bell-shaped characteristics and does not deviate to the right or left.

Table 2. One-Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		154
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	2.88465143
	Most Extreme Differences	
	Absolute	.183
	Positive	.183
	Negative	-.181
Test Statistics		.183
Asymp. Sig. (2-tailed)		.000 <sup>c</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

One of the normality tests can also be seen by analyzing the Kolmogorov-Smirnov through the asymp. sig (2-tailed) value of  $0.018 > 0.05$ , so it can be concluded that the residual value is normally distributed.

## 2. Heteroscedasticity Test

The heteroscedasticity test can be seen from the scatterplot value.

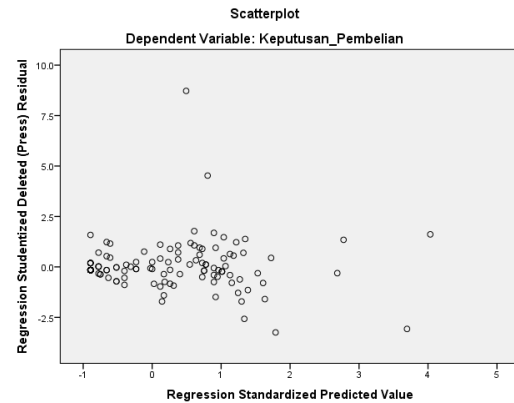


Figure 4. Scatterplot

Based on the results of the heteroscedasticity test, it is known that the plot is spread randomly. This shows that the data does not form a certain pattern and there is no heteroscedasticity.

## 3. Multicollinearity Test

Based on the results of the multicollinearity test, it can be seen that the VIF value for the variable, halal labeling (X1) is 4.278, and viral marketing is 4.278.

Table 3. Multicollinearity Test

		Coefficients <sup>a</sup>	
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LabelisaaiHalal	.234	4.278
	Viral Marketing	.234	4.278

a. Dependent Variable: Purchase Decision

## Multiple Linear Regression Test

Based on the result, the equation of this research becomes:

$$Y = a + b_1x_1 + b_2x_2 + e$$

$$= 740 + 0.503x_1 + 0.615x_2 + e$$

### 1. Adjusted R Square

Table 4. Adjusted R Square

#### Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate
1	.831a	.691	.686

a. Predictors: (Constant), HALAL LABEL, VIRAL\_MARKETING

In the model summary table, the adjusted R square value is 0.686. This means that the level of Halal Labelling and Viral Marketing on Purchasing Decisions of Kopi Kenangan.

### 2. F Test (Simultaneous)

Table 5. F-Test

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2841.510	2	1420.755	168.507	.000b
	Residual	1273.146	151	8.431		
	Total	4114.656	153			

a. Dependent Variable: Purchase Decision

b. Predictors: (Constant), ViralMarketing, LabelisaaiHalal

Sig. 0.000 < 0.05 (influential)

In the F-Test, we get F count of 168.507 with sig. value listed as 0.000 which is below 0.05 then we can easily conclude that the variables Price and Viral marketing to Kopi Kenangan customers have a simultaneous (together) effect on the purchasing decision itself.

### 3. T-Test (Partial)

Table 6. T-Test

Model		Coefficients			t	Sig.	Collinearity Statistics	
		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta			Tolerance	VIF
1	(Constant)	.740	.677		1.092	.276		
	LabelisaaiHalal	.503	.109	.432	4.617	.000	.234	4.278
	Viral Marketing	.615	.135	.426	4.549	.000	.234	4.278

a. Dependent Variable: Purchase Decision

The results of the t-test above can be concluded that the Halal Labelling Variable (X1) obtained a t-value of 4,617 with a probability of 0.000 which is below 0.05. Thus, H1 is accepted, which means that Halal Labelling is important for Purchasing Decisions (Y).

Moreover, the results of the t-test can be concluded that the Viral Marketing Variable (X2) obtained a t-value of 4,549 with a probability of 0.000 which is below 0.05. Thus, H2 is accepted, which means that Viral Marketing is important for Purchasing Decisions (Y).

## Conclusion

1. The Halal Labelling variable (X1) obtained a t-value of of 4,617 with a probability of 0.000 which is below 0.05. Thus, H1 is accepted, which means that Halal Labelling is important for Purchasing Decisions (Y).
2. The Viral Marketing variable (X2) obtained a Viral Marketing Variable (X2) obtained a t-value of 4,549 with a probability of 0.000 which is below 0.05. Thus, H2 is accepted, which means that Viral Marketing is important for Purchasing Decisions (Y).

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