# FACTORS INFLUENCING HALAL COSMETICS ACTUAL PURCHASE BEHAVIOUR AMONG MUSLIM WOMEN IN INDONESIA: RELIGIOSITY AS A MODERATOR

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by

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# FAKTOR-FAKTOR YANG MEMPENGARUHI TINGKAH LAKU PEMBELIAN SEBENAR TERHADAP KOSMETIK HALAL DALAM KALANGAN WANITA MUSLIM DI INDONESIA: KEAGAMAAN SEBAGAI PENYEDERHANA

#### **ABSTRAK**

Kini, Indonesia bukan sahaja mengalami pembangunan yang pesat dalam industri halal, malah turut mengalami perubahan dalam tingkah laku pengguna. Seiring dengan kemajuan industri halal di Indonesia, kerajaan Indonesia telah menetapkan visi untuk menjadikan Indonesia sebagai hab halal global dan ekonomi halal yang terbesar di dunia dengan memberikan sokongan penuh terhadap perkembangan pensijilan halal. Walaupun kerajaan memberikan sokongan penuh dalam membangunkan industri halal di Indonesia, beberapa isu berkaitan dengan tabiat pembelian halal di Indonesia masih wujud, terutamanya dalam industri kosmetik. Atas sebab itu, tujuan kajian ini adalah untuk mengkaji hubungan antara faktor yang mempengaruhi tingkah laku pembelian sebenar terhadap kosmetik halal dalam kalangan pengguna Indonesia. Kajian ini dijangka dapat memperluas pemahaman berkaitan dengan hubungan antara pemboleh ubah dalam Theory of Planned Behaviour (TPB) yang berfungsi sebagai model asas teori. Dalam kajian ini, kerangka TPB diperluaskan dengan mencadangkan penambahan pemboleh ubah baharu, iaitu personalti jenama dan keagamaan sebagai penyederhana (moderator)antara laluan kasual (casual pathways) bagi konstruk yang sedia ada. Kajian ini membekalkan maklumat mengenai ramalan bagi tingkah laku pembelian sebenar pengguna terhadap kosmetik halal kepada industri kosmetik halal dan kerajaan. Analisis faktor pengesahan (Confirmatory factor analysis) telah digunakan untuk mendapatkan personalti jenama kosmetik halal. Teknik kuasa dua terkecil separa (partial least squares) telah digunakan untuk menilai kepentingan statistik bagi laluan yang dicadangkan. Kedua-dua teknik ini digunakan untuk menganalisis 480 set soal selidik dalam talian. Hasil kajian menunjukkan bahawa empat faktor telah dibentuk sebagai dimensi personalti jenama kosmetik halal, iaitu keghairahan, integriti, kecantikan dan

kesopanan. Dapatan kajian juga menunjukkan bahawa personalti jenama, sikap, norma subjektif dan tanggapan kawalan tingkah laku memberikan pengaruh secara langsung terhadap tingkah laku pembelian sebenar. Kesan penyederhanaan keagamaan didapati mempunyai kesan yang signifikan terhadap perhubungan antara sikap dengan pembelian sebenar dan kesannya adalah lebih kuat bagi pengguna yang beragama tinggi. Dapatan kajian juga menunjukkan bahawa keagamaan menyederhanakan perhubungan antara personaliti jenama dengan pembelian sebenar, dan kesannya adalah lebih kuat bagi pengguna yang beragama rendah. Akhir sekali, hasil kajian menunjukkan bahawa tidak ada hipotesis yang disokong mengenai kesan penyederhanaan keagamaan antara norma subjektif dengan tanggapan kawalan tingkah laku terhadap pembelian sebenar. Kesimpulannya, kajian ini menyumbang kepada pengetahuan mengenai tingkah laku pembelian sebenar terhadap kosmetik halal, terutamanya dalam konteks pengguna di Indonesia. Batasan kajian dan cadangan untuk penyelidikan pada masa hadapan juga disertakan dalam kajian ini.

# FACTORS INFLUENCING HALAL COSMETICS ACTUAL PURCHASE BEHAVIOUR AMONG MUSLIM WOMEN IN INDONESIA: RELIGIOSITY AS A MODERATOR

#### **ABSTRACT**

Nowadays, Indonesia not only undergoes rapid development in the halal industry, but also experiences changes in consumer behaviour. Along with the advancement of Indonesia's halal industry, the Indonesian government has set a vision to make Indonesia the largest halal economy and global halal hub by giving full support to the development of halal certification. Even though full support is provided by the government for developing halal industry in Indonesia, there are still some issues pertaining to halal purchasing behaviour in Indonesia, especially in the cosmetic industry. For that reason, the aim of this study was to examine the relationship between factors that influence actual purchase behaviour towards halal cosmetics among Indonesian consumers. This study was expected to broaden the understanding of relationships among variables of Theory of Planned Behaviour (TPB) which served as a basic theoretical model. In this study, the framework of TPB was extended by proposing new additional variables which were brand personality and religiosity as moderators between casual pathways of the existing constructs. This study provided information for both halal cosmetics industry and the government regarding the prediction of consumer actual purchase behaviour towards halal cosmetics. The confirmatory factor analysis was employed to obtain halal cosmetics brand personality. The partial least squares technique was employed to evaluate the statistical significance of the proposed pathways. Both techniques were applied to analyse 480 sets of online questionnaires. The results revealed that four factors were formed as halal cosmetic brand personality dimensions which were passion, integrity, beauty and modesty. The results also revealed that brand personality, attitude, subjective norms, and perceived behavioural control simultaneously exerted direct influence on actual purchase behaviour. The moderating effect of religiosity was found to have a significant effect on the relationship between attitude and actual purchase, such that the effect was stronger for high religiosity consumers. The findings also showed that religiosity moderated the relationship between brand personality and actual purchase, such that the effect was stronger for low religiosity consumers. Finally, the results revealed that there were no supported hypotheses regarding the moderating effect of religiosity between subjective norms and perceived behavioural control towards actual purchase. In conclusion, this study contributed to the knowledge regarding actual purchase behaviour toward halal cosmetics, particularly in the context of Indonesian consumers. Limitations of the study and recommendations for future researchers were included in this study.

#### **CHAPTER 1**

#### INTRODUCTION

#### 1.1 Overview

This chapter discusses the phenomenon of increasing Halal cosmetics products in Indonesian market and the growth of Halal-conscious customers which encourage the research and problem of this study. This chapter also elaborates on background of the study and research gaps identified in the previous research regarding the buying behaviour of consumers towards Halal cosmetics and their relevance to corporate branding strategies. In addition to defining research problems, research questions, and research objectives, this study focuses on the importance of this research towards environment. Furthermore, this study also presents the organisation of remaining chapters and definitions of key terms.

#### 1.2 Background of the study

#### 1.2.1 Overview of Indonesian in the Global Islamic Economy

Nowadays, halal industry has gained worldwide attention as one of the most potential businesses to be explored and developed. Reuters (2018) reported that there are around 1.6 billion Muslims living in the world, which makes up 25% of the world's population. The Muslim population spreads in numerous countries; there are 56 majority Muslim countries with 6.7 trillion dollars of GDP. Hence, it is a substantial business opportunity for Halal products. In 2015, the expenditure of Muslims on food and lifestyle sectors was calculated to be around \$1.9 trillion in aggregate which grew 8% over the previous year and is expected to reach \$3 trillion by 2021 (Reuters, 2018). These numbers reflect a potential market for food and Halal lifestyle sector which includes finance, fashion and cosmetics. Based on the same report, United Arab

Emirates, Kuwait, Saudi Arabia, Malaysia, Indonesia, Jordan, Oman, Qatar and Pakistan are listed as the top 10 Global Islamic Economy Indicator Score countries.

About 88 percent of Indonesian population are Muslims (BPS Statistics Indonesia, 2019), and it indicates Islam can influence the culture that develops in a society, including the pattern of public consumption of halal products in Indonesia. The halal industry not only comprises food sector, but it also includes cosmetics and pharmaceuticals. Moreover, both government and domestic industries begin to pay attention on the halal industry. As the country with the highest Muslim population in the world, Indonesia is expected to launch a challenge.

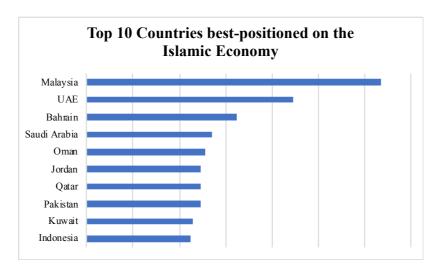


Figure 1. 1 Top 10 Countries best-positioned on the Islamic Economy Source: Countries best-positioned to capitalize on the Islamic economy (Reuters, 2018)

According to the graph shown in Figure 1.1, it is found that Indonesia is only ranked at the 10<sup>th</sup> place despite having the largest Muslim population in the world. In order to be a larger halal force, Indonesia strives to increase its certification, enhance exports and establish its halal manufacturing base. Indonesia is one of the largest halal markets. Nowadays, Halal economy comprises Muslim countries as well as other markets such as Japan which show a great interest towards Halal products.

Given the growth of the global halal business, President Joko Widodo sees an opportunity to connect with the Muslim world based on the Indonesia Islamic Economic Masterplan 2019-2024. This year, Indonesia steps up trade missions and expects to achieve agreements with nine countries; five of the countries are Muslim countries and these comprise Iran and Turkey. Starting October 2019, Indonesia makes it obligatory for goods and services to be certified as halal (Indonesian Ministry of National Development Planning, 2018).

According to the data shown in Figure 1.2, halal food, halal fashion and halal media are the top three sectors while halal cosmetics is the last in the growth of the halal economy. Under the category of having most spend on cosmetic products, Indonesia is in the second rank right after India. The cosmetic market in Indonesia is expected to have an increase of 6.99% or USD 90 million in 2023 (Indonesian Ministry of National Development Planning, 2018). This cosmetics market is important for the government because of its huge market and opportunity.

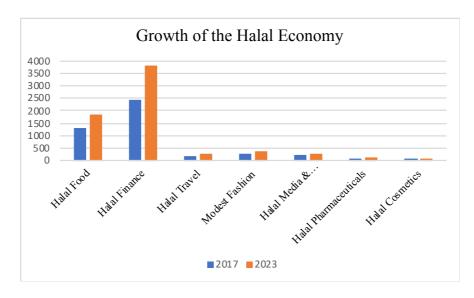


Figure 1. 2 Growth of the Halal Economy
Source: Growth of the halal economy in trillions of dollars (Reuters, 2018)

#### 1.2.2 Indonesian Halal Cosmetic Industry

According to the Ministry of Industry, women see cosmetic products as one of the main necessities in their life. In 2017, the cosmetics industry is found to have an increase of 20% or four times the national economic growth (Indonesian Ministry of National Development Planning, 2018). In 2017, the domestic cosmetics industry was expanded to 153 companies and it has now increased over 760 companies. Some cosmetics industries have started to export cosmetic products overseas. The export value of national cosmetic products in 2017 increased to USD 516.99 million compared to USD 470.30 million in 2016.

Figure 1.3 explains the profile of Indonesian generations; Baby boomers generation (11.28%), followed by X generation (25.74%), Y Generation (33.75%) and Z Generation (29.23%). Thus, the increasing population of youth or millennial generations greatly affects the development of cosmetics market in Indonesia (Indonesian Ministry of Women Empowerment and Child Protection, 2018).

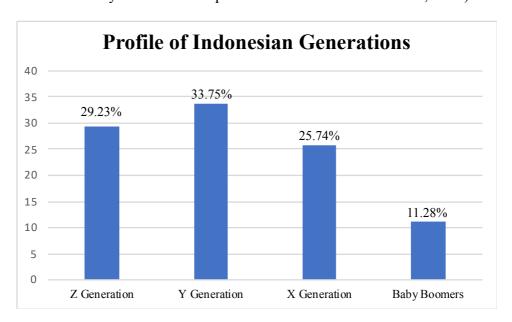


Figure 1. 3 Profile of Indonesian Generations
Source: Population by Generation
(Indonesian Ministry of Women Empowerment and Child Protection, 2018)

Based on the data recorded by the Indonesian Council Ulama, there were 48 companies with a total of 5,254 halal cosmetic products in 2016 and as many as 64 companies with a total of 3,219 products in 2017. As of March 2018, there were 41 companies with a total of 2,115 halal-certified products (Juniman, 2018). Moreover, the Ministry of Industry has listed cosmetics industry as one of the pillar industry sectors in Indonesia.

Figure 1.4 shows that there was a rise of the market value of domestic cosmetic products in Indonesia; however, the sales performance decreased. There are value-added brands, innovation, and product value of domestic cosmetics in Indonesia. However, the number of sales and demands of domestic branded cosmetics are still low as the consumers prefer to use those well-known global branded cosmetics.

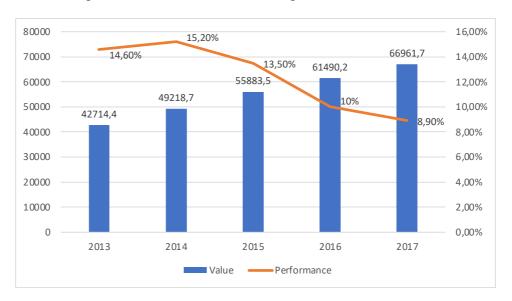


Figure 1.4 Domestic Cosmetic Market Share
Source: Domestic Cosmetic Market Share
(Ministry of National Development Planning in Indonesia, 2018)

The Ministry of National Development Planning in Indonesia (2018) stated that 60% of Indonesian women prefer global cosmetics than local cosmetics. This may affect the growth of local Indonesian cosmetics, especially halal cosmetics and will negatively influence the development of halal cosmetics even though the cosmetic

products have halal certification. The possible reason for this situation to occur is because the local cosmetic products are deemed not to have strong character, so they are considered to be poor quality and cannot increase consumers' confidence to use them. If all cosmetics manufacturers have used halal certification, it will become highly competitive (Mulyadi, 2017). Thus, the halal industry should compete with the existing market space and beat the competition with its strategic choice of differentiation by applying innovation in branding to distinguish and adjust the characteristics of their brands in order to fit the consumer's personalities.

#### 1.3 Problem Statement

The practice of Islamic branding has received considerable attention among academics and practitioners in recent years. Considering the growth of Muslim population in the world, some experts suggest that producers' demand for the concept of Islamic branding increases. Companies gradually understand the great opportunity brought by Muslim consumers. In line with that, the government targets Indonesia's growing commercial industry in order to develop halal cosmetic products. Although there are halal cosmetics in Indonesia, consumers still prefer global cosmetic brands to local brands because they think that global brands are better and fit their characters or personalities.

Although the number of halal cosmetics in Indonesia is increasing, there are still problems that cause consumers for not choosing Indonesian halal cosmetic products and this may influence the development of halal cosmetics in Indonesia. Theory of Planned Behaviour (TPB) is used in this study to explain the correlation between consumer purchasing behaviour and actual purchase of halal cosmetic products. Several previous studies have applied the theory to facilitate research regarding

measuring consumer buying behaviour which includes purchasing halal products such as halal food (Awan et al., 2015; Yener, 2015; Zakaria et al., 2015), halal business (Ismaeel & Blaim, 2012), halal meat (Ismaeel & Blaim, 2012), and halal cosmetic (Haque et al., 2018; Majid et al., 2015; Rahman et al., 2015). The factors involved in this theory are perceived behavioural control, attitude and subjective norm (Ajzen, 2006).

This study involves variable religiosity as a moderator with the consideration that Indonesian people are always influenced by their religion in making purchases, especially halal cosmetic products (Kemenag, 2019). If someone exhibits higher level of religiosity, then it will increase the influence of factors that explain the buying behaviour (Sudaryono, 2019). According to Gallup International Poll, Indonesia is included as the country with the highest level of religiosity in the world, including the religion of Islam (Sen Nag, 2018).

TPB is utlised by prior research to study factors which affect the halal purchasing behaviour of a product (Awan et al., 2015; Haque et al., 2018; Ismaeel & Blaim, 2012; Majid et al., 2015; Zakaria et al., 2015, Rahman et al., 2015; Yener, 2015). However, research on halal cosmetics, especially in Indonesia is inadequate (Nasution et al., 2016). Thus, the objective of this study is to explain factors which affect the consumers' actual buying behaviour towards halal cosmetic products by involving additional factors that can be applied to the case in Indonesia. It applies new factors in the TPB model to reinforce the application of the theory in the halal context, especially for the actual buying behaviour of halal cosmetics in Indonesia.

Indonesians perceive foreign brands to have a stronger character compared to local brands, and this may also occur to halal cosmetics in Indonesia. The brand personality in the product is an important element that can affect consumers' actual

purchases (Fadzil & Zainuddin, 2018). The character and personality of the brand play an important role in increasing the desire of consumers to purchase products (Fadzil & Zainuddin, 2018). Most Indonesian consumers are younger generation which can also be known as millennial genres and they tend to choose a brand which has a personality that suits them. When it is associated with halal products that they will consume, Indonesians choose the halal product brand in accordance with the image or image of their Muslim and intelligent personality (Toldos-Romero & Orozco-Gómez, 2015).

This condition makes Indonesian consumers preferred in using halal cosmetic products that are considered similar to their characters. If a halal cosmetics company can create a product that has a brand personality in accordance with the preference of consumers, it can certainly help to develop the halal cosmetics industry, hence helping to achieve the government's target.

The consumer actual buying behaviour is also influenced by consumer attitudes (Haque et al., 2018). In Indonesia, consumer attitudes towards halal products are undergoing development. Consumers have started to search more information about halal cosmetic products. Indonesian cosmetic manufacturers, on the other hand, begin to have their products to be certified as halal. This contributes to the requirement of conducting a study regarding consumer attitude towards halal cosmetic products.

Furthermore, the Indonesian female consumers will usually get recommendations from their friends and others in order to make purchase decision (Ramdhini, 2019). Many young women Indonesians like to be in groups and have communities, especially millennial generation consumers who tend to be more religious and often live-in groups in worship and hijab communities (Ramdhini, 2019). Therefore, subjective norm variables are included in this study.

As more Indonesian consumers are aware of halal products, they tend to have personal control to purhcase halal products on the market, especially halal cosmetic products. According to Haque et al. (2018), perceived behavioural controls include product availability and the ability of consumers to buy products. Therefore, the perceived control behaviour variable will also be examined in this study.

To overcome the problem arose in the purchase behaviour of halal cosmetics, there is a need to observe and consider factors that will influence their actual purchase behaviour towards halal cosmetics products. In line with the conditions above, this study aims to examine the determinants which affect the actual purchase behaviour of halal cosmetics among Indonesian consumers.

#### 1.4 Research Questions

Based on the research problem, research questions were formulated as follows:

- 1. Does brand personality influence Indonesian consumer actual purchase of halal cosmetics?
- 2. Does attitude influence Indonesian consumer actual purchase of halal cosmetics?
- 3. Do subjective norms influence Indonesian consumer actual purchase of halal cosmetics?
- 4. Does perceived behavioural control influence Indonesian consumer actual purchase of halal cosmetics?
- 5. Does religiosity moderate the relationship between brand personality, attitude, subjective norms, perceived behavioural control and Indonesian consumer actual purchase of halal cosmetics?

#### 1.5 Research Objectives

To answer the research questions, the objectives of this study are:

- 1. To examine the relationship between brand personality and Indonesian consumer actual purchase of halal cosmetics.
- 2. To examine the relationship between attitude and Indonesian consumer actual purchase of halal cosmetics.
- 3. To examine the connection between subjective norms and Indonesian consumer actual purchase of halal cosmetics.
- 4. To examine the connection between perceived behavioural control and Indonesian consumer actual purchase of halal cosmetics.
- To examine the moderating effect of religiosity towards the relationship between brand personality, subjective norms, perceived behavioural control, attitude and Indonesian consumer actual purchase of halal cosmetics.

#### 1.6 Significance of Study

This study is aimed to give contribution to both practical and theoretical advancement by applying Theory of Planned Behaviour via the variables applied to evaluate each component: atitude, subjective norm and perceived behavioural control (Netemeyer & Ryn, 1991) in the context of halal cosmetic products (Endah, Daryanti & Hati, 2017; Kaur, Osman & Maziha, 2014; Omar, Mat, Imhemed & Ali, 2012).

#### 1.6.1 Theoretical Contribution

This study is anticipated to give theoretical contributions to the study related to consumer behaviour, especially in terms of consumer's actual purchase behaviour in order to broaden the understanding of the relationship between variables as an antecedent of consumer behaviour construct in the Theory Planned of Behaviour. The research was then further expanded by adding new variables, namely brand personality into the TPB framework model and a religiosity as a moderator is also added into all relationship of the construct in the model. With this extended framework, it is hoped that a broad understanding can be obtained, thus affecting consumer behaviour towards the actual purchase of halal cosmetic products among Indonesian women consumers. In this study, TPB was expanded with the addition of brand personality variables because they were considered to have an important role in the context of purchasing cosmetic products that require personalisation of brand strength in their products (Al-hajla, 2017).

A further contribution of this research is to add a moderator variable, namely religiosity. Religiosity is defined as the extent to which a person is dedicated to his own religion, which is portrayed in his behaviour. To put it simply, religiosity can be described as the level of one's religion and the extent to which that person applies his religious values in daily life (Putri et al., 2019). In this context, one's level of religiosity reflects one's behaviour in purchasing halal cosmetics. According to Ahmad et al. and Rahman et al. (2015), the level of religiosity can moderate the factors that influence consumer behaviour. Therefore, it is expected that religiosity also has a moderating effect towards the actual purchase of halal cosmetics.

The new relationship with an additional independent variable, brand personality and a moderator variable, namely religiosity, is expected to enhance the knowledge presented by original TPB. As suggested by Borzooei & Asgari (2013), TPB can be applied in various contexts by testing and adding to the study. This may play a role in other contexts, especially in the halal context where the addition of the variable religiosity can be treated as a moderator. The results of the study will bring important

advantages in providing deeper understanding of TPB theory and broadening existing research to explain additional variance in consumer behaviour, especially the halal context in Indonesia.

#### 1.6.2 Practical Contribution

As for practical contribution, this study aims to provide a suggestion about potential brand personality strategy based on the perspective of Indonesian consumers. Besides that, it intends to help marketers and managers to differentiate their brand from other brands, comprehend the brand image from consumers' point of view and recognise the target market which is easily influenced by personality traits devoted to their brand. This study is expected to provide marketers with information on brand personality traits and how these traits can be used to further determine consumer actual behaviour and influence perceived behavioural control, attitudes and subjective norm towards consumer's halal cosmetics purchase behaviour.

Additionally, the study is aimed to offer marketers data regarding factors which moderates the relationship among attitude, brand personality, actual behavioural control and subjective norms towards consumer purchase behaviour. The information is considered to be valuable to marketers or managers in order to enhance a better understanding that can attract Muslim consumers' attention. Although the perceived behavioural control, subjective norms, brand personality and attitude may influence the consumer actual purchase, this study suggests that consumer religiosity may affect the relationship of attitude, perceived behavioural control, brand personality and subjective norms towards consumer's halal cosmetics purchase behaviour. Hence, religiosity also plays a vital role in investigating religiosity as a potential moderator which moderates the connection among perceived behavioural control, attitude, brand

personality and subjective norms towards consumer's halal cosmetics purchase behaviour.

#### 1.7 Scope of the Study

Previous research is found to be limited on consumers who use a halal-certified cosmetic in the region of Indonesia in 2017. Mainly, it is focused on the aspects of subjective norms, behavioural control, attitude, brand personality and consumer purchase behaviour in Indonesia.

Theory of Planned Behaviour is applied to develop models of relationships between actual purchase behaviour, attitudes, perceived behavioural control and subjective norms. In addition, brand personality variables are added as independent variables and religiosity as moderator variables. The aim is to determine whether the actual purchase behaviour of halal cosmetics is influenced by subjective norms, perceived behavioural control, attitude and brand personality. The effect of moderation from religiosity is also included to determine the impact of subjective norms, perceived behavioural control, attitude and brand personality in influencing the actual purchase behaviour of halal cosmetics.

The scope of the study is on halal cosmetics industry in Indonesia as this study will include all brands of halal cosmetics product. The current study targets Indonesian Muslim women consumers who use halal cosmetics, in relation to have Islamic religiosity. The respondents must have a minimum age of 18. The selection of age was conducted according to the age of people who usually start using cosmetics and also taking into consideration of the ability to answer the questions in the research questionnaire.

The geographical area of this study is limited to the 5 biggest islands in Indonesia such as Jawa, Kalimantan, Maluku, Nusa Tenggara Barat, Sulawesi and Sumatera. According to Ratanamaneichat and Rakkarn (2013), Muslim consumers on those five islands can obtain halal cosmetics easily since Muslims make up the largest part of population in the islands.

#### 1.8 Definition of the Key Terms

This subchapter consists of key terms that describe an explicit meaning in the context of the study:

#### 1. Actual Purchase

Actual purchase is defined as one's willingness and readiness to buy a specific good which is speculated based on perceived behavioural control, attitude and subjective norm (Wee et al., 2014).

#### 2. Brand Personality

Brand personality is referred to as sets of human traits related to a brand and comparable to human behaviour which defines a brand with enduring and distinguishing human traits (Aaker, 1997).

#### 3. Attitude

Attitude is the personal factors of the individual's positive or negative evaluation or performing the behaviour (Lada et al., 2009).

#### 4. Subjective Norms

Subjective norms are referred to as perceived social pressure to think whether an individual should act based on one's perspective or groups' view which affects an individual's behaviour or ability to make a decision (Lada et al., 2009).

#### 5. Perceived Behavioural Control

Perceived behavioural control is defined as the attainment of chance and assets (Lada et al., 2009).

#### 6. Religiosity

Religiosity is referred to as the extent to which an individual practises certain principles and ethics of a religion that influence both human behaviour and attitude (Chen & Deng, 2016).

#### 1.9 Organisation of the Study

This study is structured into five chapters. Chapter one involves introduction, background of the study, problem statement, research questions, research objectives, the significance of the study, the scope of the study and the definition of the key terms. Chapter two consists of the literature review on brand personality, attitude, subjective norm, purchase intention and religiosity. This chapter started with a brief review of the relevant literature and associated theories. The discussion of the proposed theoretical framework and hypothesis development is also be explained in this chapter. Chapter three explains the research methodology utilised in the study.

Chapter four shows the survey results and outcomes of the statistical analysis based on this study. Chapter five explains and discusses all the quantitative findings of the survey along with the limitation and recommendation for practitioners and academicians.

# 1.10 Summary

In chapter one, the comprehensive overview of the study, which involves study background, problem statement, research objectives, research questions, scope of the study, significance of the study, organisation of the study and definition of key terms, helps to portray an overall picture of this study.

#### **CHAPTER 2**

#### LITERATURE REVIEW

#### 2.1 Introduction

This chapter describes the theoretical background about factors influencing consumers' actual purchase behaviour towards halal cosmetics via Theory of Planned Behaviour and brand personality variable in order to show the relevance and significance. The primary objective is to review a theoretical foundation which can support the solution of the studied problem. The theory obtained is a first step so that the researcher can have a better understanding that the problems are investigated properly in accordance with the scientific thinking framework which are also related to understanding behaviour on purchasing halal cosmetics.

Furthermore, it is aimed that the study can help to develop integrated conceptual frameworks of brand personality as well as the attribute of the theory of planned behaviour. In addition, the respondents' religiosity is used as the moderator. Therefore, this study reviews much of the literature thoroughly based on these variables and outlines the relationships in the research model.

#### 2.2 Theoretical Background of Conceptual Framework

The fundamental theory applied in the study is the theory of planned behaviour (Ajzen, 1985) which is the extension of the limit state of pure volitional control defined via the theory of reasoned action. The theory of reasoned action is applied widely as a model for prediction of behavioural intentions and behaviour (Sussman & Gifford, 2019). The theory of reasoned action (Sussman & Gifford, 2019) suggests that behavioural intentions are an act of prominent data or principles about the probability whereby acting a specific behaviour will induce a certain result.

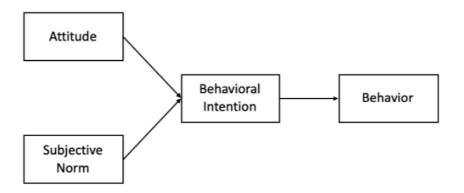


Figure 2. 1 The Theory of Reason Action Source: Madden et al., (1992)

The beliefs are separated into two theoretically different sets, namely normative and behavioural beliefs (Fishbein and Ajzen, 1980). The behavioural beliefs are believed to have brought hidden impact upon one's attitude in acting the behaviour, while the normative beliefs affect one's subjective norm in acting the behaviour. Therefore, data or beliefs influence intentions and following behaviour via subjective norms and attitudes. Intentions are presumably affected by external variables of the model, only to the extent where either subjective norms or attitudes are influenced by those variables (Fishbein and Ajzen, 1980).

There are three boundary conditions which influence the importance of the relationship between behaviour and intentions: (a) the extent where executing the intention is under one's volitional control, (b) the extent where the amount of behavioural measure and intention correlates with the levels of specificity, (c) the constancy of intentions between performance of the behaviour and periods of measurement (Fishbein and Ajzen, 1980).

According to Madden et al. (1992), extra variables are suggested and evaluated to include or expand the theory of reasoned action. To extend the theory of reasoned action, Madden et al. (1992) suggested to include the concept of perceived control over

behavioural attainment. This can be achieved by including beliefs on the possession of requisite resources and opportunities for performing a given behaviour. The more resources and opportunities individuals think they possess, the greater should be their perceived behavioural control over the behaviour.

Perceived behavioural control, which is incorporated as an exogenous variable, has direct and indirect outcomes upon behaviour via intentions. The indirect outcome is formulated upon the postulation that perceived behavioural control has motivational consequences for behavioural intentions. Despite having promising subjective norms and attitudes, people's intention to carry out the behaviour may be low when they believe themselves to own a little control over carrying out the behaviour due to a lack of essential assets (Madden et al., 1992). The motivational impact is portrayed through the structural link from perceived behavioural control to intentions; the motivational impact of control upon behaviour via intentions is portrayed through control to intentions. The actual control that one has over carrying out the behaviour is presumably portrayed via the direct trail from perceived behavioural control to behaviour (Madden et al., 1992). Their first experiment investigated students' class attendance. The results indicated that perceived behavioural control was a significant predictor of intentions after controlling attitudes and subjective norms. Nevertheless, perceived behavioural control did not help with the speculation of target behaviour after controlling forms intentions.

The extent of actual control over attending class was quite high; thus, it is anticipated to have a slight predictive validity upon target behaviour with the addition of perceived control (Ajzen and Madden, 1992). To conclude, the theory of planned behaviour expects two attainable outcomes of perceived behavioural control upon behaviour. The relationship among these constructs is shown in Figure 2.2.

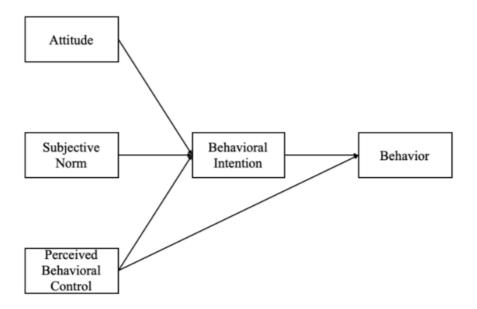


Figure 2. 2 The Theory of Planned Behaviour Source: Madden, Ellen & Ajzen (1992)

The theory of planned behaviour originates from theory of reason action as well as its extension to the speculation of behavioural aims (Ajzen, 1985; Ajzen & Madden, 1986). One's intention of carrying out a certain behaviour serves as a vital aspect in the theory of planned behaviour. Intentions are presumed to record the motivational aspects which affect a behaviour; they represent the extent of people's willingness to attempt and the amount of effort applied so as to carry out the behaviour (Beck & Ajzen, 1991).

Three theoretically independent determinants of intention can be hypothesised via the theory of planned behaviour. Firstly, it is the attitude towards the behaviour and it can be described as the extent where an individual owns a promising or unpromising assessment of the behaviour in question (Beck & Ajzen, 1991). Secondly, it is a social aspect called subjective norm that can be defined as the perceived social pressure to carry out the behaviour and vice versa (Ajzen, 1991). Thirdly, it is the extent of perceived behavioural control which is defined as the perceived level of

difficulty in carrying out the behaviour (Ajzen, 1991). Generally, an individual who shows a promising subjective norm and attitude of a behaviour will tend to exhibit greater perceived behavioural control, thus strengthening the individual's intention to carry out the behaviour.

Intention is treated as an immediate antecedent of actual behaviour. According to Ajzen (1991), if people tend to exhibit stronger intention to involve in a behaviour or to attain their behavioural objectives, they are presumed to be more successful. Nevertheless, the extent of success not only relies upon an individual's intention, but also relies on partially non-motivational aspects like availability of vital chances and assets (Ajzen, 1985). Those aspects portray people's actual control over behaviour. An individual should be able to succeed if he or she has the essential chances, essential assets and intention to carry out the behaviour.

The theory of planned behaviour involves perceived behavioural control. Perceived behavioural control may not be too practical in most of the circumstances. This is certainly because of the alteration of needs or existing assets, amount of data an individual owns regarding the behaviour or the admission of novel and unusual aspects into the circumstances. A degree of perceived behavioural control may increase a slight precision of behavioural assumption under those circumstances. When perceptions of control appears to correlate with one's actual control over the behaviour, a direct trail from perceived behavioural control to behavior is anticipated to appear (Beck & Ajzen, 1991).

Briefly, the theory of planned behaviour explain that human action is affected by three main aspects: a promising or unpromising assessment of the behaviour (attitude towards the behaviour), perceived social pressure to perform the behaviour and vice versa (subjective norm) as well as self-efficacy concerning the behaviour (perceived behavioural control). Subjective norm, perception of behavioural control and attitude towards the behaviour induce the development of a behavioural intention. Generally, an individual who shows a promising subjective norm and attitude of a behaviour will tend to exhibit greater perceived behavioural control, thus strengthening the individual's intention to carry out the behaviour. If there is an adequate amount of actual control over the behaviour, an individual is deemed to be able to perform their behaviours when the chance emerges (Beck & Ajzen, 1991).

TPB is applied by many researchers during the past two decades and it exhibits intrinsic ability to predict intentions, corroborating Ajzen's postulation that one's behavioural intention is affected by the subjective norms, perceived behavior control and attitude towards the behaviour (Ajzen, 1991). For example, TPB is applied to guess behaviour in halal context (Adiba, 2019; Ashraf, 2019; Ismail & Mokhtar, 2016; Kaur et al., 2014; Schmidt, 2011). Therefore, it is certain that this research will benefit the halal context research tremendously, not only theoretically but also practically, via inclusion factors influence behaviour using the TPB model proposed by Ajzen (1991).

Based on the models explained earlier, it can therefore be argued that researchers utilise various and different models to study the behaviour of consumers. In the halal purchasing behaviour context, TPB has been extensively used in research on purchasing behaviour as a theoretical based for researchers to conduct empirical studies of consumer behaviour, including halal products (Adiba, 2019; Ashraf, 2019; Ismail & Mokhtar, 2016; Kaur et al., 2014; Schmidt, 2011), halal food (Talib et al., 2016; Abu-Hussin, Johari, Hehsan & Nawawi, 2017; Afsari, et al., 2017; Alam & Sayuti, 2011; Ali et al., 2018; Ashraf, 2019; Awan et al., 2015; Bashir et al., 2018; Bukhari et al., 2019; Haro, 2016; Iranmanesh et al., 2019; Perdana et al., 2019; Soon & Wallace, 2017), halal finance (Amin, 2013; Jaffar & Musa, 2016; Soiden & Jabeur,

2015; Souiden & Rani, 2015), halal cosmetics (Amin, 2013; Jaffar & Musa, 2016; Soiden & Jabeur, 2015; Souiden & Rani, 2015), blood donation (Charseatd, 2016), halal sportswear (Charseatd, 2016), halal tafakul (Farhat et al., 2019), and halal stores (Suki & Salleh, 2016). Various studies have suggested to include other variables in order to improve the ability of TPB (Suki & Salleh, 2016).

Some researchers may argue that the demand in Muslim minority countries may not be there; in Muslim majority countries such as Indonesia, there is no such thing as Islamic marketing or Muslim consumer behaviour (Iranmanesh et al., 2019). By adopting the model proposed by Wilson (2012) to the context of marketing, it must incorporate unique attribute of Islamic marketing such as branding and Muslim consumer behaviour.

#### 2.3 Variables of the Study

#### 2.3.1 Brand Personality

Branding enables customers to have a quick identification regarding a familiar or preferred product (Suki & Salleh, 2016). Branding is a vital part of business approach which is essential to produce customer value as well as to generate and keep competitive benefit (Holt, 2003). Branding serves to connect a company's good with consumers' emotional perception in order to form customer behaviour (Holt, 2003). Brand management plays an important role in holistic marketing (Hrablik et al., 2015). To form and maintain competitive benefit, branding and brand-based differentiation are applied in certain fields of marketing (Kotler & Amstrong, 2012). The difference in customers' perception and evaluation towards a brand is investigated in previous research (Hrablik et al., 2015). Lately, it is found by researchers that customers are also different in terms of their relationship with brands. This research proposed that

the connection between consumers and brands are similar to the method people build social connection in their life (Aggarwal, 2004; Hrablik et al., 2015).

In the context of consumer behaviour, aspects that drive a consumer's behaviour are different based on each kind of brand. To determine the success of each kind of brand, actual purchase plays a vital role. Customers will buy a particular brand based on the extents of consumer behaviour (Aggarwal, 2004; Hrablik et al., 2015). By forming status consciousness within consumers, brands will drive the consumers to recognise and use varied types of brand products (Hsu & Lu, 2007). When people are acknowledged by their friends, family members or members of society after using a particular brand, a sense of happiness will be developed within them. Other aspects that influence the behaviour of a consumer are status and conspicuous consumption (Sarwar et al., 2014).

According to Sarwar et al. (2014), a brand is only considered to be good when it can satisfy consumer's requirements and offer real value to them. The connection between consumers and the brand can also be portrayed as connection of the personality between consumers and the brand. Kuenzel and Halliday (2010) stated that brand personality not only can affect the consistency of a brand, but it can also affect its reputation. Brand personality can be described as the distinctive feature of each brand which does not appear in other brands. Just like humans, every brand has its respective personality and will slowly form its own character via interaction. Hence, brand personality is explained and evaluated through human personality traits which are related to brands (Kapferer, 2012).

Academic research has started to put emphasis upon brand personality since 1996, right after the formation of Kapferer's brand personality scale. Instead of measuring brand personality, this scale assesses several areas which are relatively