Journal of Halal Research, Policy and Industry
December 2024
Vol. 3, No. 2

EXPLORING NON-MUSLIM CONSUMER PREFERENCES: A COMPARATIVE ANALYSIS OF HALAL AND NON-HALAL PRODUCT ACCEPTANCE IN SURABAYA'S MODERN MARKETS

Endah Budi Permana Putri[1,2*], Fatma Zuhrotun Nisa'[3]

[1]*Department of Nutrition, Faculty of Health, Universitas Nahdlatul Ulama Surabaya, Surabaya 60237, Indonesia*
[2]*Doctoral Program of Medical Science and Health, Faculty of Medicine, Public Health and Nursing, Universitas Gadjah Mada, Yogyakarta 55281, Indonesia*
[3]*Department of Nutrition, Faculty of Medicine, Public Health and Nursing, Universitas Gadjah Mada, Yogyakarta 55281, Indonesia*

e-mail: endahbudipermanaputri@mail.ugm.ac.id

**Corresponding Author*

Abstract: *This study examines the differences in non-Muslim consumer acceptance of halal and non-halal products in modern markets in Surabaya. It aims to analyze the influence of price, brand reputation, and halal certification on consumer purchasing decisions. Using a comparative approach, the research identifies key factors driving consumer preferences for both product types. The findings reveal that halal certification is critical for consumer acceptance of halal products. In contrast, price and brand reputation are more significant in accepting non-halal products. This study underscores the importance of tailored marketing strategies, highlighting the need for producers to address distinct consumer motivations when promoting halal and non-halal products. The insights offer practical implications for businesses targeting non-Muslim customers in the evolving Surabaya market, guiding product positioning and consumer engagement.*

Keywords: *Consumer acceptance, Halal products, Non-halal products, Non-Muslim consumers, Modern markets, Surabaya, Price, Brand reputation, Halal certification, Marketing Strategy*

INTRODUCTION

In recent years, the global market for halal products has experienced significant growth, driven not only by increasing demand from Muslim consumers but also by heightened interest among non-Muslim consumers. Halal products, produced and certified by Islamic law, are no longer confined to Muslim-majority countries. They have gained substantial traction in non-Muslim-majority regions, including Indonesia, where Muslim and non-Muslim consumers coexist. This research explores the dynamics of consumer acceptance of halal and non-halal products in Surabaya's modern markets, with a particular focus on non-Muslim customers.

Indonesia is home to the largest Muslim population in the world, which naturally places halal products at the forefront of consumer goods. The halal certification, issued by recognized authorities such as the Majelis Ulama Indonesia (MUI), assures Muslim consumers that the products comply with Islamic dietary laws. However, an interesting shift has occurred in recent years, where non-Muslim consumers are becoming more aware of, and sometimes even preferring, halal products due to the perception that halal certification signifies higher product quality, safety, and ethical standards (Golnaz, Zainalabidin, & Mad Nasir, 2010). This growing acceptance among non-Muslim consumers presents a new opportunity for understanding how halal and non-halal products are perceived and accepted in the marketplace.

The global halal industry has transcended religious boundaries to become a symbol of ethical consumption. Non-Muslim consumers in various regions are drawn to halal products for perceived cleanliness, health benefits, and ethical production processes (Aoun & Tournois, 2015). In Indonesia, this trend is evident in urban centers like Surabaya, where

modern retail outlets cater to diverse consumer bases. While halal products are generally associated with Muslim consumers, growing evidence suggests that non-Muslim consumers are also willing to purchase halal-certified products due to these perceived advantages (Teng, Jusoh, & Zainuddin, 2013).

Given this shift, it is essential to understand the factors influencing consumer acceptance, particularly among non-Muslim consumers. While Muslim consumers prioritize halal certification due to religious obligations, non-Muslim consumers may be motivated by price, brand reputation, or perceived product quality (Haque et al., 2015). Therefore, this research examines the comparative acceptance of halal and non-halal products, focusing on non-Muslim consumers in Surabaya.

Factors like price, brand reputation, and certification influence consumer decision-making. Price plays a significant role, especially in markets where consumers are cost-sensitive. Studies suggest that price-conscious consumers may opt for non-halal products, which are often more affordable due to the additional costs involved in halal certification (Shaari & Arifin, 2010). However, some consumers are willing to pay a premium for halal products, perceiving them as safer and of higher quality (Bonne & Verbeke, 2008).

Brand reputation is another critical factor, particularly for non-halal products. Established brands that have earned consumer trust can significantly influence purchasing decisions, even if the product lacks halal certification. For non-Muslim consumers, brand loyalty may outweigh concerns about halal certification, especially for categories like personal care or fashion, where halal considerations are less central (Rajagopal, 2011).

Halal certification, however, remains the most critical factor for Muslim consumers, guaranteeing that products comply with religious standards (Lada, Tanakinjal, & Amin, 2009). Among non-Muslim consumers, halal certification can also enhance perceptions of product quality, as it often implies rigorous safety and hygiene standards (Golnaz et al., 2010). This research explores how price, brand reputation, and halal certification influence non-Muslim consumer preferences in Surabaya.

As one of Indonesia's major urban centers, Surabaya represents a dynamic marketplace where traditional and modern retail coexist. Modern markets, including supermarkets, hypermarkets, and shopping malls, offer various halal and non-halal products. These retail environments, characterized by convenience, variety, and global brands, significantly influence consumer behavior (Hassan & Pandey, 2016). For non-Muslim consumers in Surabaya, the availability of halal products in these settings, often accompanied by clear labeling and certification, can impact perceptions of safety and quality. Additionally, price competition in modern markets makes affordability a pivotal factor in product choices (Bakar, Lee, & Abdul, 2013). This research aims to understand how these market dynamics influence non-Muslim consumers' comparative acceptance of halal and non-halal products.

Despite growing interest in halal products, comprehensive research focusing on the acceptance of halal and non-halal products among non-Muslim consumers in Indonesia, particularly in urban areas like Surabaya, remains limited. This study addresses this gap by investigating the factors influencing consumer acceptance: price, brand reputation, and halal certification.

The primary objective of this research is to conduct a comparative analysis of consumer acceptance of halal and non-halal products in Surabaya's modern markets, focusing on non-Muslim customers. By examining how non-Muslim consumers perceive halal certification, price, and brand reputation, this study aims to provide valuable insights for businesses catering to diverse consumer segments in the Surabaya market.

The findings of this research will have both academic and practical significance. Academically, it contributes to the growing literature on consumer behavior in emerging markets, particularly in the context of halal and non-halal product acceptance. Practically, the results will provide valuable insights for businesses and marketers seeking to develop effective strategies for promoting halal and non-halal products in Indonesia. Understanding the key factors driving consumer preferences will enable businesses to tailor their marketing approaches to meet the needs of both Muslim and non-Muslim consumers in Surabaya's diverse marketplace.

CONCEPTUAL FRAMEWORK

Price

Price is a significant factor in consumer decision-making and is often regarded as an indicator of quality and value. According to Zeithaml (1988), price is one of the key extrinsic cues consumers use to evaluate a product before purchasing it. Many consumers assume that higher-priced products offer superior quality, and this price-quality heuristic can strongly influence purchasing behavior. However, this relationship becomes more complex in markets where halal certification is critical.

For Muslim consumers, the price of halal products is evaluated through two primary lenses: perceived value for money and the additional assurance that the product meets religious requirements. Studies have shown that Muslim consumers are willing to pay a premium for halal-certified products, as the certification provides both functional and symbolic value (Bonne & Verbeke, 2008). Nevertheless, competitive pricing remains vital, especially in dynamic markets like those in Surabaya, where consumers can access a wide range of product options.

Brand Reputation

Brand reputation plays a crucial role in building consumer trust and loyalty. A positive brand reputation often signals high product quality and reliability, making consumers more likely to purchase and recommend a product (Aaker, 1991). In the context of halal products, a brand's reputation for consistently adhering to halal standards can significantly shape consumer perceptions, particularly among Muslim consumers.

For halal products, brand reputation reflects quality and conveys trustworthiness in meeting halal requirements. A strong brand reputation reassures consumers that the product complies with Islamic dietary laws, alleviating concerns over the authenticity of halal certification (Verbeke et al., 2013). Additionally, established halal brands are often perceived as more reliable, encouraging consumers to purchase their products, even at a premium price.

Halal Certification

Halal certification is a crucial determinant of consumer trust and confidence in halal products. It verifies that the product complies with Islamic dietary laws and standards. It is critical for Muslim consumers who seek assurance that the food and other consumable products they purchase are permissible under Islamic law (Shafie & Othman, 2006). A halal certification is a form of credence quality, meaning that consumers cannot evaluate the halal status of a product themselves and must rely on certification from trusted bodies (Verbeke et al., 2013).

However, halal certification alone may not be sufficient to drive consumer acceptance, as other product attributes such as quality, price, and brand reputation also play significant roles (Mukhtar & Butt, 2012). Trust in halal certification is often influenced by the certifying body's reputation and the transparency of the certification process. Consumers are more likely to accept halal products certified by well-known and trusted certification bodies, particularly in regions like Indonesia, where halal authenticity is a significant concern.

Consumer Acceptance

Consumer acceptance is the degree to which consumers are willing to purchase, consume, and recommend a product. In the context of halal products, consumer acceptance is shaped by factors including perceived quality, price, brand reputation, and, significantly, the product's halal status (Bonne & Verbeke, 2008). For Muslim consumers, halal certification acts as a primary determinant of acceptance, but this is not always the sole factor in modern competitive markets. The growing trend of urbanization and the availability of global products in markets like Surabaya has made consumers more selective. While halal status remains a fundamental factor, product quality (in terms of taste, packaging, and other attributes) can significantly affect consumer acceptance. Mukhtar & Butt (2012) found that religiosity plays a moderating role in consumer acceptance of halal products, where highly religious individuals prioritize halal certification over other attributes. For others, product quality and price may have more influence on their purchasing decisions.

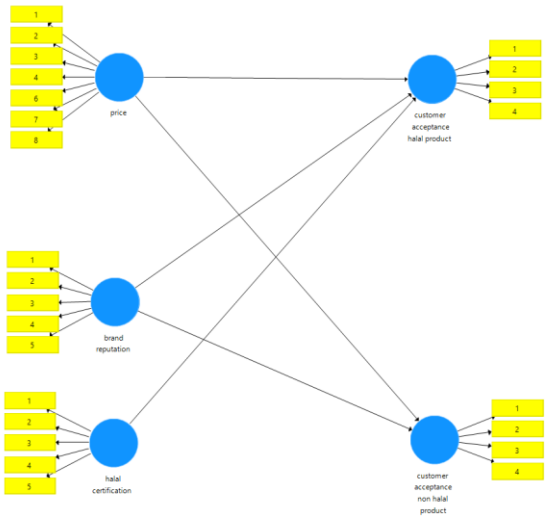

Figure 1. Framework

METHODOLOGY

The research design of this study employs a quantitative approach, focusing on a comparative analysis of consumer acceptance of halal products in modern markets in Surabaya. The target population comprises consumers who regularly shop at modern markets, such as hypermarkets and supermarkets, where halal and non-halal products are available. A sample of 400 respondents will be selected using purposive random sampling. Participants must meet two criteria: having purchased halal and non-halal products and being aware of the concept of halal certification. The sample size is determined based on robust structural equation modeling (SEM) analysis guidelines, which recommends 200 to 400 respondents for such studies (Hair et al., 2014).

Data collection will be conducted using a structured questionnaire comprising closed-ended questions measured on a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire will address four key areas: demographic information, price perception, brand reputation, halal certification, and consumer acceptance. Respondents will provide insights into how they perceive these variables concerning halal and non-halal products in the Surabaya market.

The data will be analyzed using SEM-PLS (Partial Least Squares Structural Equation Modeling), a method suitable for exploring relationships between multiple variables. SEM-PLS is particularly effective for analyzing latent variables and is appropriate for studies with smaller sample sizes (Hair et al., 2014). The analysis process will include several stages: data preparation (cleaning and handling missing values), measurement model assessment (evaluating reliability and validity through Cronbach's Alpha, Composite Reliability, and Average Variance Extracted), and structural model assessment (testing the relationships between price, brand reputation, halal certification, and consumer acceptance). Hypothesis testing will be conducted to determine the direct and indirect effects of these variables on consumer behavior.

The expected outcome is that all three independent variables, price, brand reputation, and halal certification, will significantly influence consumer acceptance. The SEM-PLS analysis will offer a detailed understanding of the strength and direction of these relationships, providing valuable insights into the purchasing behavior of consumers in Surabaya's modern markets. Ethical considerations will be strictly followed, with respondents informed about the study's purpose, assured of confidentiality, and participating voluntarily.

RESULTS AND DISCUSSION

Results

1. Convergent Validity

Convergent validity assesses whether multiple indicators of a construct correlate highly, indicating they measure the same underlying concept, with an expected value typically above 0.60. (Chin, 1998).

Table 1 Convergent Validity

Variable	Indicator	Outer Loading
Price	PRC1	0.812
	PRC2	0.810
	PRC3	0.822
	PRC4	0.742
	PRC5	0.715
	PRC6	0.826
	PRC7	0.783
Brand Reputation	BR1	0.891
	BR2	0.849
	BR3	0.890
	BR4	0.854
	BR5	0.887

Variable	Indicator	Outer Loading
Halal Certification	HC1	0.827
	HC2	0.674
	HC3	0.827
	HC4	0.817
	HC5	0.844
Consumer Acceptance Halal Product	CHP1	0.651
	CHP2	0.906
	CHP3	0.877
	CHP4	0.909
Consumer Acceptance Non-Halal Product	CNHP1	0.901
	CNHP2	0.926
	CNHP3	0.709
	CNHP4	0.901

2. Average Variance Extracted (AVE)

Hair, et al. (2010) explains that Average Variance Extracted (AVE) measures the amount of variance captured by the construct in relation to the amount of variance due to measurement error. AVE for each indicator with provision value must be > 0.5 for a good model

Table 2. AVE

Variable	Average Variance Extracted (AVE)
Price	0.622
Brand Reputation	0.765
Halal Certification	0.640
Consumer Acceptance Halal Product	0.710
Consumer Acceptance Non-Halal Product	0.724

3. Reliability Composite Cronbach's Alpha

Hair et al. (2010) Composite reliability is a measure of the internal consistency of a construct, which considers the actual loadings of the indicators and is generally considered more accurate than Cronbach's Alpha for measuring construct reliability. Cronbach's Alpha is a measure commonly used to assess the reliability or internal consistency of a scale or measurement instrument set of items. Cronbach's Alpha values range from 0 to 1, with higher values indicating better reliability. Generally, a Cronbach's Alpha value above 0.70 is considered adequate for research.

Table 3 Composite Reliability and Crobach's Alpha

Variable	Cronbach's Alpha	Composite Reliability
Price	0.899	0.920
Brand Reputation	0.923	0.942
Halal Certification	0.858	0.898
Consumer Acceptance Halal Product	0.857	0.906
Consumer Acceptance Non-Halal Product	0.804	0.886

4. Testing Hypothesis

To verify the study findings, hypothesis testing involves testing a direct effect. The sign (»)indicates the way one variable affects another. The subsequent results are the outcomes derived from testing the hypotheses:

Table 4. Hypothesis

Variable	Original Sample (o)	P-Values
Price » Customer acceptance of halal product	0.468	0.001
Brand Reputation » Customer acceptance of halal product	0.107	0.140
Halal certification » Customer acceptance of halal product	0.349	0.004
Price » Customer acceptance of non-halal product	0.182	0.155
Brand Reputation » Customer acceptance of non-halal product	0.655	0.000

Discussion

The Influence of Price on Consumer Acceptance (Halal vs. Non-Halal)

In this study, it was found that price has a significant effect on consumer acceptance of

halal products (O = 0.468, P-Value = 0.001) in the first test. However, in the second test, the effect of price became insignificant (O = 0.182, P-Value = 0.155).

In the first test results, price significantly influences the acceptance of halal products, while in the second test, its influence is not significant. This provides essential insights in the context of Surabaya, where price can affect the acceptance of halal products, depending on the specific consumer group.

In modern markets, more price-conscious consumers may be more inclined to choose non-halal products, which are often cheaper. On the other hand, consumers who emphasize the importance of halal products may be more willing to pay higher prices to ensure compliance with religious standards. This variability may explain the differences in acceptance between halal and non-halal products. This is in line with the view that consumers of halal products tend to pay more attention to spiritual values than economic factors (Shaari & Arifin, 2010).

The Influence of Brand Reputation on Consumer Acceptance (Halal vs. Non-Halal)

Brand reputation showed mixed results in two tests. In the first test, the effect was not significant (O = 0.107, P-Value = 0.140), but in the second test, brand reputation became very significant (O = 0.655, P-Value = 0.000).

Brand reputation shows mixed results in the analysis. In the first test, the influence of brand reputation is insignificant, but in the second test, brand reputation becomes highly significant. In the context of Surabaya's modern market, brand reputation might be more important for non-halal products, where consumers tend to choose brands they trust, regardless of whether the products are halal-certified. However, for halal product consumers, trust in halal certification rather than brand reputation is the main factor influencing their acceptance. This may reflect a tendency among halal consumers to focus more on religious aspects when accepting halal products.

The Influence of Halal Certification on Consumer Acceptance

Halal certification consistently significantly influences consumer acceptance (O = 0.349, P-Value = 0.004).

Halal certification consistently significantly influences consumer acceptance in both the first and second tests. This aligns with your research topic, where halal certification is likely a key factor in accepting halal products in modern Surabaya markets. Halal consumers tend to pay more attention to the officially guaranteed halal aspects through certification. In contrast, halal certification might not be relevant for non-halal products, so other factors like price or brand reputation play a bigger role in influencing consumer acceptance.

.

CONCLUSION

The difference in consumer acceptance between halal and non-halal products in Surabaya can be attributed to significant variations in preferences related to price, brand reputation, and halal certification. Halal product consumers consider halal certification to be the most influential factor. In contrast, non-halal product consumers are more likely to consider price and brand reputation in decision-making. This study highlights the importance of marketing strategies tailored to consumer characteristics in modern Surabaya markets.

The results of this study provide several important implications for producers and marketers in Surabaya. Halal certification should be the primary focus of marketing strategies for halal products. Consumers prefer halal products with official certification over those without, even if they are priced higher. Meanwhile, competitive pricing strategies and strengthening brand reputation may be key to enhancing consumer acceptance of non-halal products.

REFERENCES

Aaker, D. A. (1991). Managing Brand Equity: Capitalizing on the Value of a Brand Name. Free Press.

Aoun, I., & Tournois, N. (2015). Building holistic brands: An exploratory study of halal cosmetics. Journal of Islamic Marketing, 6(1), 109-132.

Badan Pusat Statistik Kota Surabaya. (2023). Surabaya dalam Angka 2023. BPS Surabaya.

Bakar, E. A., Lee, R., & Abdul, M. (2013). Understanding factors influencing Muslim and non-Muslim consumers' intentions to buy halal products in Malaysia. International Journal of Emerging Markets, 8(1), 47-62.

Bonne, K., & Verbeke, W. (2008). Religious values informing halal meat production and the control and delivery of halal credence quality. Agriculture and Human Values, 25(1), 35-47.

Golnaz, R., Zainalabidin, M., Mad Nasir, S., & Eddie Chiew, F. C. (2010). Non-Muslims' awareness of halal principles and related food products in Malaysia. International Food Research Journal, 17(3), 667-674.

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Sage Publications.

Haque, A., Anwar, N., Yasmin, F., Sarwar, A., & Ibrahim, Z. (2015). Purchase intention of foreign products: A study on Bangladeshi consumer perspective. Sage Open, 5(2). https://doi.org/10.1177/2158244015580379

Hassan, Y., & Pandey, D. S. (2016). Understanding the modern retail sector in Indonesia: An exploratory study. International Journal of Retail & Distribution Management, 44(8), 854-872.

Kotler, P., & Keller, K. L. (2020). Marketing Management (15th ed.). Pearson.

Lada, S., Tanakinjal, G. H., & Amin, H. (2009). Predicting intention to choose halal products using theory of reasoned action. International Journal of Islamic and Middle Eastern Finance and Management, 2(1), 66-76.

Mukhtar, A., & Butt, M. M. (2012). Intention to choose halal products: The role of religiosity. Journal of Islamic Marketing, 3(2), 108-120.

Rahman, M. S., & Mufidah, R. (2023). Consumer Acceptance of Halal Products: An Empirical Study. International Journal of Islamic Marketing and Branding, 9(1), 45-60.

Rajagopal. (2011). Consumer culture and purchase intentions towards fashion apparel in Mexico. Journal of Retail & Leisure Property, 9(4), 285-299.

Shaari, J. A. N., & Arifin, N. S. (2010). Dimension of halal purchase intention: A preliminary study. International Review of Business Research Papers, 6(4), 444-456.

Shafie, S., & Othman, M. N. (2006). Halal certification: an international marketing issue and challenges. Proceedings of the 2006 Oxford Business & Economics Conference, UK.

Teng, P. K., & Jusoh, M. S. (2013). Investigating student awareness on halal food and certification status: A case study of Malaysian Universities' student. International Proceedings of Economics Development and Research, 67(12), 49-53.

Verbeke, W., Rutsaert, P., Bonne, K., & Vermeir, I. (2013). Credence quality coordination and consumers' willingness-to-pay for certified halal labelled meat. Meat Science, 95(4), 790-797.

Wong, A., Kwan, K. K., & Loo, T. Y. (2022). The Role of Brand Reputation in Consumer Choice: Evidence from the

Halal Market. Journal of Brand Management, 29(4), 253-270.

Zeithaml, V. A. (1988). Consumer perceptions of price, quality, and value: A means-end model and synthesis of evidence. Journal of Marketing, 52(3), 2-22.