

# Analysis of the Influence of Brand and Halal Label on Skincare Product Purchase Decisions with Price as a Moderating Variable

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## Abstract

In 2018, the cosmetic industry saw a 20% increase in growth compared to the previous year, reflecting a rise in market share. Notably, out of Indonesia's population of 231.06 million, approximately 86.7% are Muslims. Since 2010, Wardah has emerged as the first pioneer of halal cosmetics in Indonesia, followed by several other brands, contributing significantly to the industry's continued growth. Key features that attract the Muslim market include halal attributes, such as halal certification labels. When making purchasing decisions, consumers tend to consider various factors, including brand reputation, brand image, label information, and price. This study aims to examine the influence of brand and halal labeling on consumers' purchase decisions for skincare cosmetics, with price serving as a moderating variable. Data were collected using a Likert-scale questionnaire completed by 136 respondents. The data were analyzed using SEM PLS version 4. The findings reveal that both brand and halal labeling significantly affect purchase satisfaction, with path coefficient values of 0.187 and 0.509, respectively. Additionally, price was found to moderate these relationships: it weakens the influence of brand on purchase decisions (path coefficient = -0.180) but strengthens the impact of halal labeling (path coefficient = 0.226). In conclusion, this study demonstrates that brand and halal labeling both play crucial roles in shaping consumer purchasing decisions. Furthermore, pricing acts as a moderating factor—diminishing the brand's effect while amplifying the impact of halal labeling on purchase behavior.

**Keywords:** Skincare, Brand, Halal Label, Price, Purchase Decision.



## A. INTRODUCTION

Indonesia is the largest Muslim-majority country in the world, with 86.7% of its total population or approximately 231.06 million people identifying as Muslim. In such a context, halal certification for various products holds significant importance, as it is a religious obligation for Muslims. Before purchasing or consuming a product, Muslims are expected to verify whether it carries a halal label. This stems from the belief that consuming halal-certified products brings blessings and health benefits, as halal products are free from harmful or prohibited ingredients.

At the same time, Indonesia is renowned for its cultural diversity, which allows for a wide variety of products to circulate in the market. Nevertheless, the large Muslim population creates a positive impact on market dynamics, necessitating that products align with Islamic values. The preference for sharia-compliant products plays a crucial role in influencing economic growth. This highlights the significant potential of halal-labeled businesses in Indonesia, as they

contribute not only to customer satisfaction but also to the competitiveness and success of the national economy.

In 2018, Indonesia's cosmetics industry experienced a 20% growth compared to the previous year, driven by high demand from both domestic and export markets, particularly among women—the primary target market of the industry. In the Asia-Pacific region, including China and India, demand for color cosmetics (such as eye shadow, foundation, nail polish, and lipstick) surged between 2015 and 2020. Halal cosmetics are seen as a major innovation in the industry, introducing new internal and external processes designed to meet evolving consumer demands.

Among various skincare brands, several have become best-sellers on e-commerce platforms, although this study does not limit its focus solely to online sales. Halal awareness is shaped by several factors, including exposure to halal development events, participation in halal training, and understanding of the halal certification process. Research shows that halal awareness, product certification, and promotional activities all have a positive influence on consumers' intention to purchase halal products. In addition, brands and companies that carry halal certification are viewed as key players in developing the Muslim market.

However, Hussin et al. (2010) highlight that consumer behavior toward halal products is influenced by five main factors: brand, price, quality, ingredients, and labeling. Building on the existing literature, this study aims to further explore and develop previous research by focusing specifically on how halal skincare product branding and labeling influence consumer purchasing decisions, with price acting as a moderating variable..

## **B. METHOD**

The primary material used in this study is data obtained through the distribution of questionnaires. These questionnaires were distributed to customers who actively use skincare products. The collected survey data were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) approach, utilizing SmartPLS software. The analysis was conducted in alignment with the research objectives.

The measurement model aims to assess the validity and reliability of the relationships between variables within a conceptual framework relevant to the research problem. This model is formulated when both independent and dependent variables are clearly defined and the relationships between them can be identified. Validity testing is used to determine whether the questionnaire items accurately represent the constructs being studied. A questionnaire is considered valid if the factor loading value exceeds 0.70. Reliability testing is conducted to assess the consistency and stability of the measurement scale. A questionnaire is considered reliable if it has a Cronbach's Alpha or Composite Reliability (CR) value greater than 0.70.

The structural model evaluates the relationships between latent variables or constructs, based on theoretical foundations. Testing of the structural model is

conducted using the bootstrapping method, as PLS does not require the assumption of normal data distribution. A path coefficient is considered statistically significant if the t-statistic is greater than 1.96 at the 5% significance level.

Hypotheses in this study are tested using the bootstrapping method, consistent with the structural (inner) model analysis. The criteria for decision-making are as follows:

1.  $H_0$  is accepted if the p-value  $\geq 0.05$  and the t-statistic  $\leq 1.96$
2.  $H_0$  is rejected if the p-value  $< 0.05$  and the t-statistic  $> 1.96$

### C. RESULTS AND DISCUSSION

#### 1. Outer Model Testing

The results of PLS testing at the *outer model stage* on the variables can be seen in Figure 1. Testing was carried out on all of each variable.

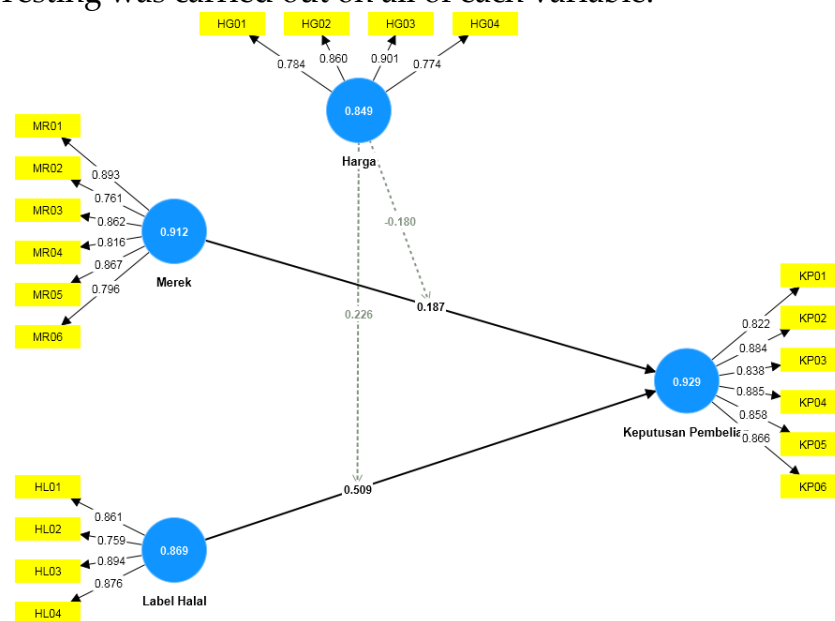


Figure 1. Outer Model Results

#### 2. Convergent Validity

The results of the convergent validity test are presented in Table 1, which displays the loading factor values and t-statistic values. A loading factor is considered valid if it exceeds 0.50.

Table 1. Results of Convergent Validity Testing

Code	Price	Buying decision	Halal Label	Brand
HG01	0.784			
HG02	0.860			
HG03	0.901			
HG04	0.774			
HL01			0.861	
HL02			0.759	
HL03			0.894	

HL04			0.876	
KP01		0.822		
KP02		0.884		
KP03		0.838		
KP04		0.885		
KP05		0.858		
KP06		0.866		
MR01				0.893
MR02				0.761
MR03				0.862
MR04				0.816
MR05				0.867
MR06				0.796

In this study, the variables—brand, halal label, price, and purchase decision—all have loading factor values greater than 0.50. These results indicate that each of these variables meets the criteria for convergent validity, confirming that all constructs are valid for further analysis.

### 3. Construct Validity

Average Variance Extracted (AVE) indicates the proportion of variance captured by a construct in relation to the variance due to measurement error. An AVE value greater than 0.50 demonstrates good convergent validity for latent variables.

**Table 2. Results of Construct Validity Testing**

Variable	Average Variance Extracted (AVE)
Price	0.691
Buying decision	0.738
Halal Label	0.721
Brand	0.695

As shown in Table 2, all research constructs—brand, halal label, price, and purchase decision—have AVE values exceeding 0.50. This confirms that all latent variables possess adequate construct validity.

### 4. Discriminant Validity

Discriminant validity is assessed using cross loading values, as presented in Table 3.

**Table 3. Results of Discriminant Validity Testing**

Code	Price	Buying decision	Halal Label	Brand
HG01	0.784	0.457	0.356	0.349
HG02	0.860	0.510	0.399	0.415
HG03	0.901	0.572	0.468	0.473
HG04	0.774	0.491	0.293	0.414

HL01	0.327	0.632	0.861	0.485
HL02	0.496	0.590	0.759	0.506
HL03	0.349	0.652	0.894	0.593
HL04	0.397	0.616	0.876	0.590
KP01	0.405	0.822	0.654	0.595
KP02	0.461	0.884	0.695	0.620
KP03	0.589	0.838	0.572	0.544
KP04	0.569	0.885	0.640	0.550
KP05	0.508	0.858	0.637	0.586
KP06	0.629	0.866	0.583	0.590
MR01	0.387	0.680	0.633	0.893
MR02	0.357	0.480	0.521	0.761
MR03	0.447	0.560	0.548	0.862
MR04	0.554	0.581	0.510	0.816
MR05	0.365	0.517	0.530	0.867
MR06	0.381	0.530	0.447	0.796

A high cross loading value (above 0.50) for an item on its respective construct, compared to its loading on other constructs, indicates good discriminant validity. In this study, all constructs demonstrate higher cross loading values on their respective variables (highlighted in bold), confirming that each variable meets the criteria for discriminant validity.

## 5. Construct Reliability

Construct reliability is measured using composite reliability, as shown in Table 4.

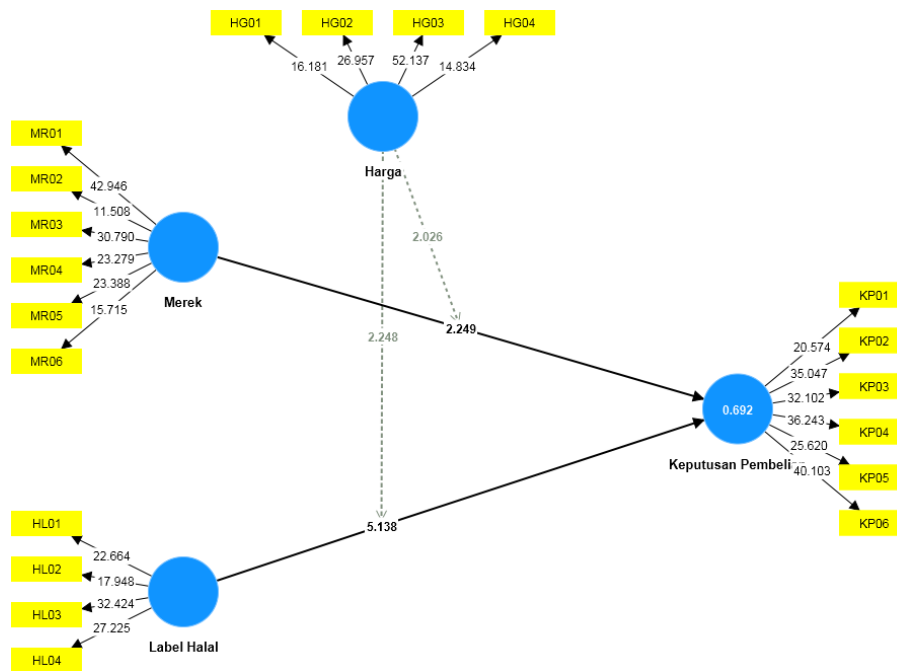
**Table 4. Test Results Reliability Contract**

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Price	0.849	0.858	0.899
Buying decision	0.929	0.930	0.944
Halal Label	0.869	0.872	0.912
Brand	0.912	0.920	0.932

A composite reliability value above 0.70 indicates that the indicators are consistent in measuring their respective latent constructs. All latent variables—brand, halal label, price, and purchase decision—have Cronbach's alpha and composite reliability scores above 0.70. Therefore, all constructs in this study are considered reliable.

## 6. Inner Model (Structural Model) Testing

The structural model test aims to determine the influence between variables, as illustrated in Figure 2.



**Figure 2. Inner Model Results**

This analysis uses t-tests, where a variable is considered to have a significant influence if the p-value is less than 0.05.

**Table 5. Coefficient Estimate and t-test**

Connection between Variables	Original sample (O)	T statistics ( O/STDEV )	P values
The Influence of Independent Variables on Dependent Variables			
Brand -> Purchase Decision	0.187	2.249	0.025
Halal Label -> Purchase Decision	0.509	5.138	0.000
The Role of Moderation in the Influence of Independent Variables on Dependent Variables			
Price x Brand -> Purchase Decision	-0.180	2,026	0.043
Price x Halal Label -> Purchase Decision	0.226	2.248	0.025

The results, summarized in Table 5, indicate the following:

- Brand awareness and halal labeling have a positive and significant influence on purchasing decisions.
- Price significantly moderates the relationship between both brand and halal label with purchasing decisions.

### 7. Coefficient of Determination

The coefficient of determination ( $R^2$ ) reflects how much variance in the endogenous variable (purchase decision) is explained by the exogenous variables (brand, halal label, price brand, and price halal label).

**Table 6. Coefficient Determination**

Connection between Variables	R-square	R-square adjusted
Brand, halal label, price * brand, price *halal label → Buying decision	0.692	0.680

As shown in Table 6, the model explains 69.2% of the variance in purchase decisions, while the remaining 30.8% is influenced by other unexamined factors.

## 8. Goodness of Fit Testing

Although Goodness of Fit is not a mandatory requirement in PLS-SEM, it was assessed to ensure the robustness of the structural model.

**Table 7. Model Fit Test**

Aspect Measurement	Saturated model	Estimated model
SRMR	0.067	0.066
d_ULS	0.949	0.928
d_G	0.543	0.544
Chi-square	419.142	411.164
NFI	0.813	0.816

As shown in Table 7, the Standardized Root Mean Square Residual (SRMR) value is 0.067, which is below the threshold of 0.08. This indicates that the model demonstrates an acceptable level of fit.

Brand is a key factor influencing purchasing decisions. The results of this study confirm the hypothesis that brand significantly affects consumer purchasing behavior for several reasons. A brand plays an important role in simplifying the decision-making process and reducing the risk associated with uncertain purchases. According to Kotler and Keller (13), a brand provides added dimensions to a product or service, distinguishing it from similar offerings that serve the same purpose.

Moreover, a brand serves as a marker of product quality, helping consumers identify and choose the products they desire. It is also a critical element of marketing strategy, capable of shaping consumer perceptions and influencing purchasing decisions. Although some foreign-language brand names may be difficult to remember or pronounce, several foreign-sounding brands have gained popularity in Indonesia in recent years—even when the product is locally made. This sometimes leads consumers to mistakenly believe that the products are imported.

Understanding how consumers perceive a brand's image is essential in shaping their purchasing decisions. If a brand has a positive image and creates a favorable impression in the minds of consumers, it has succeeded in building strong brand equity.

The study's findings indicate that halal labels also influence purchasing decisions. Labels are an integral part of a product, providing important information about the product or service, such as the name, brand, ingredients, nutritional content, expiration date, contents, and legal status (14). A halal label specifically assures Muslim consumers that a product complies with halal standards in every aspect—from ingredients to processing—making it a key factor in their decision to purchase.

The study shows that price moderates the relationship between brand and purchasing decisions—specifically, by weakening the influence. According to Setiadi (15), the core of the consumer decision-making process involves using knowledge to evaluate multiple behavioral options and choose one. Kotler and Keller (13) emphasize that brand selection is a critical part of this decision structure, and

consumers must assess each brand based on its characteristics. A strong brand combined with a reasonable price can influence purchasing behavior—especially for skincare products.

Price plays a vital role in purchasing decisions, as it determines whether consumers feel able to afford the product. Full Moon (16) highlights the importance of appropriate pricing policies in enhancing product competitiveness. Companies must pay close attention to pricing strategies—especially in a highly competitive market—because prices have a significant impact on consumers' willingness to buy. Kotler and Keller (13) also stress that price attractiveness is one of the key factors influencing purchasing decisions. As a central element of the marketing mix, price directly impacts profitability and must remain competitive to sustain demand.

The finding that price weakens the influence of brand means that even a well-regarded skincare brand may lose appeal if consumers feel that the benefits offered do not justify the price. Skincare is a highly sensitive product category, and if perceived value does not align with cost, consumer interest may decline—making price a critical factor in brand effectiveness.

The study also finds that price strengthens the influence of halal labels on purchasing decisions. This means that when halal-certified products are priced reasonably, the appeal of the halal label is enhanced, making consumers more likely to purchase. Price and halal certification together serve as powerful indicators of value and trust, especially for Muslim consumers seeking both religious compliance and affordability.

#### **D. CONCLUSION**

The results of this study indicate that brand recognition and the presence of a halal label significantly influence purchasing decisions for skincare products. Higher brand recognition increases consumers' likelihood of making a purchase, while a clearer halal label also enhances purchasing decisions. Furthermore, price acts as a moderating variable: it weakens the influence of brand recognition on purchasing decisions but strengthens the influence of the halal label. These findings emphasize the importance of brand strength, halal certification, and pricing strategies in influencing consumer behavior in the skincare market.

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