

Analysis of Factors That Influence Buying Interest in Halal Innovative Products: Study of Body Lotion Brand Product

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Abstract

This study aims to determine the effect of spiritual intelligence, product attributes, product innovation, product attributes, and product innovation moderated by the company's reputation for buying interest in body lotion product HF. This study uses a quantitative method and uses a questionnaire as the data collection technique with 75 samples by using convenience sampling. Data analysis is using PLS-SEM with SmartPLS 3 software. The results obtained from this research are product innovation significantly influences purchase intention. This result also indicates that to increase the customer's interest in buying the product, companies must pay attention to the aspects of product innovation.

Keywords

Company Reputation, Product Attributes, Product Innovation, Purchase Intention, Spiritual Intelligence

1. Introduction

The Fast-Moving Consumer Goods (FMCG) industry in Indonesia is considered one of the attractive industries with a sales value of more than US \$ 10 billion, along with the growth of the middle class in the country. FMCG has long been regarded as one of the driving factors for economic movement, and the figures show promising potential. With more than 255 million inhabitants and more than half of them in their productive age, this positive trend is expected to continue along with the growth rate of spending, which increased to reach 11.8% in the period 2010-2015 and the average growth of the FMCG retail industry which reached 10.8 % in 2015. Overall, FMCG products successfully contributed 18.5% to the national GDP in 2016, and this figure is expected to reach 30% in 2030 (Business HSBC, 2017). The rate of growth of Indonesia's revenue from the FMCG industry compared to Southeast Asian countries is the highest, with an increase of 8.3% compared to last year Kantar in (S. Widiyanto 2017).

PT XYZ Tbk, as a company engaged in FMCG, is one of the industries multiplying in a very tight competition. Innovation is one of PT XYZ's strategies to face competition and dominate market share. Various forms of innovation are carried out by PT XYZ, one of which is creating a new product with values different from other products.

One of PT XYZ's newest innovations is the body lotion product with the HF brand. Unlike PT XYZ's other body lotion products, HF is specially formulated for women wearing hijab. Hijab women with busyness throughout the day often feel uncomfortable because of the heat and stickiness, especially in tropical weather in Indonesia. But Fresh Hijab can keep them feeling cool and fresh all day despite doing a lot of activities so that their skin becomes softer and more evenly white.

HF is seen as a product innovation that has huge potential, with the number of women wearing hijab in Indonesia reaching 20 million people (Kementrian Perindustrian RI 2012) and continues to increase by 73% in the next four decades (Unilever Indonesia 2017), so make the hijab become one part of the lifestyle. Moreover, hijab women dominate 68% of the total FMCG product purchases in Indonesia (Media Indonesia 2017). This opportunity is utilized and used by PT XYZwell because it can positively impact the company's development.

The previous research conducted by Anwar and Satrio (2015) aims to determine the effect of price and product quality on purchasing decisions. The test results using multiple linear regression models show that the price has a significant and negative effect on purchasing decisions. In contrast, the quality of the product has a significant and positive effect on purchasing decisions.

In addition, another study conducted by Rahayu and Anggarini (2009) shows that product innovation has a positive influence on purchasing decisions, with the results of the indicators of accessibility and communication in product innovation getting the highest response. In contrast, the indicators that get the lowest response are complexity indicators.

This research differs from previous studies because there is a moderating variable. The company's reputation becomes the variable that moderates the relationship between the product attribute variable on buying interest and the product innovation variable on buying interest.

Based on this background, questions arise about what factors influence consumer buying interest, especially in the context of HF products. This study aims to determine whether the factors of spiritual intelligence, product attributes, and product innovations affect buying interest and whether the relationship between factor attributes and product innovation on buying interest can be strengthened or weakened by factors of corporate reputation. Therefore, the following hypothesis is proposed:

Hypotheses 1: Spiritual intelligence significantly influences buying interest

Hypotheses 2: Product attributes significantly influence buying interest

Hypotheses 3: The product attributes that are moderated by the company's reputation significantly influence buying interest

Hypotheses 4: Product innovation significantly influences buying interest

Hypotheses 5: Product innovation that is moderated by the company's reputation significantly influences buying interest

Based on the description above, the research model is as follows (Figure 1):

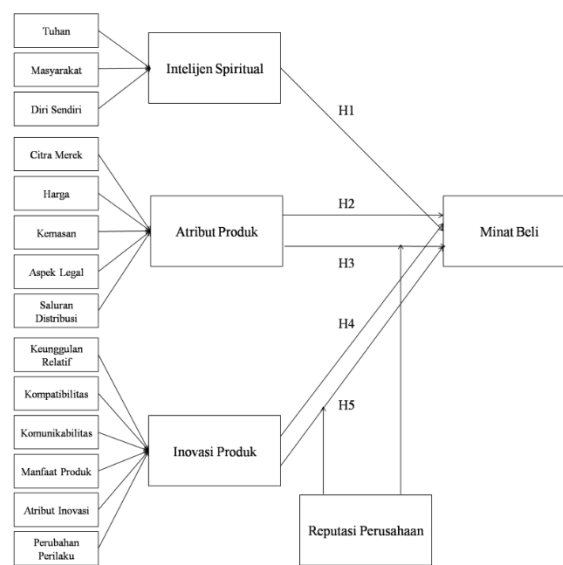


Figure 1. Research Model

2. Research Model

This research uses quantitative research methods. Quantitative methods are research that uses data in the form of numbers collected through structured questions (Sekaran and Bougie 2013). According to Hair et al. (2004), quantitative methods can validate facts, estimates, relationships, and predictions. Quantitative research methods are appropriate because, in this study, there are hypotheses to be tested.

Based on its purpose, this research belongs to the type of descriptive research. Sekaran (2003) states that a descriptive study is carried out to ascertain and describe the characteristics of variables related to a phenomenon. As stated by Iacobucci and Churchill (2010), descriptive research is concerned with determining the frequency of how things occur or how they relate to the factors being tested. In this study, researchers want to examine the relationship between spiritual intelligence factors, product attributes, product innovation, company reputation, and buying interest in HF body lotion.

This research strategy is a survey interpreted by Sekaran and Bougie (2013) as a system that collects information from or about people to describe, compare, or explain their knowledge, attitudes, and behaviour. The time horizon used is one time cross-sectional, in which the questionnaire is distributed once. One time cross-sectional, according to Sekaran and Bougie (2013), is a study conducted in which data is collected only once in a certain time, maybe for several days or weeks or months, to answer research questions.

The research objects used in this study are the variables of spiritual intelligence, product attributes, product innovation, company reputation, and buying interest that will be applied to the body lotion product with the HF brand from the FMCG company PT XYZTbk. In contrast, the subjects of this study are individuals who are in line with the potential target consumers of HF, namely Muslim women in the Greater Jakarta area.

There are two data sources in this study, namely primary data, and secondary data. The data collection technique in this study was a questionnaire, namely the collection of data through surveys distributed to research subjects as respondents using a five-point Likert scale and using literature studies.

The sampling technique used in this study is convenience sampling, which is included in the non-probability type. Non-probability sample techniques, as explained by Malhotra (2004), depend on individual considerations from researchers and are not based on opportunities to determine sample elements. Researchers can consciously and fully decide which elements will be included in the sample. This technique is applied by finding samples obtained in the most convenient and easy way for researchers (Zikmund 2003).

In this study, the number of samples collected and used for research analysis was 75 samples. The number of samples is in accordance with the determination of the sample from Sekaran (2003), which is more than 30 and less than 500 and is ten times that of the variable, which in this study, the minimum sample is 50. According to Singh and Masuku (2014), the sample can be calculated using the Slovin formula. In this study, after the sample was calculated using the Slovin formula, with a total sample of 75, the error limit number was 11.5%. The smaller the error limit, the higher the level of confidence. In this study, the 11.5% error limit is close to the error limit in general research, which is 10% (Singh and Masuku, 2014). Thus, it can be said that the level of confidence in this study is quite high.

The method used to analyze the data in this study is Structural Equation Modeling (SEM), a method for analyzing the causal relationship between latent constructs. This study uses PLS-SEM, an appropriate method for predicting key construct targets, maximizing variations defined in dependent constructs, and assessing data quality based on the characteristics of the measurement model (Hair et al. 2011). The software application used in processing data in this study is SmartPLS 3.

3. Results and Discussions

In this study, there are three stages of testing, namely the validity test, reliability test, and hypothesis testing. From the existing data results, testing the validity and reliability is carried out to determine acceptable indicators. Convergent validity and discriminant validity test are conducted to find out its validity, while a composite reliability test is used to determine its reliability.

Based on the factor loading value and AVE in the convergent validity test, 54 indicators out of 56 passed the validity test. Each indicator that passes this test meets the requirements for AVE values higher than 0.5 and factor loading higher than 0.7. Other indicators <0.7 are also accepted because they meet conditions where the factor loading value is higher than 0.5 (Chang et al. 2009). The Rule of Thumbs also states that a factor loading value higher than 0.55 relatively valid (Dante 2006).

Meanwhile, to see whether the variable can be accepted in terms of discriminant validity, the AVE square root value of each construct must be higher than the correlation value with other constructs (Hair et al. 2011).

In terms of testing the reliability, the results obtained indicate that the five variables with a total of 54 indicators that had previously passed the validity test also passed the reliability test, with the condition that the composite reliability value must be higher than 0.7.

For the value of R square, buying interest is explained by the variables of spiritual intelligence, product attributes, product innovation, and company reputation by 62.20%. In comparison, the remaining 37.80% is explained by other factors.

Hypothesis testing is the most important part of research where the results are the answers and conclusions for this study. The path coefficient, T-statistics values, and P-values are used as tools to measure to test the hypothesis in this study. The accepted hypothesis is a hypothesis that has a T-statistics value higher than 1.96, and P-values must be below 0.05. (Table 1)

Table 1. Hypothesis Test Results

Hypotheses	Path	Path Coefficient	T-statistics	P-values	Conclusion
H1	IS → MB	0.194	1.530	0.127	Rejected
H2	AP → MB	0.024	0.186	0.853	Rejected
H3	AP * RP → MB	-0.052	0.381	0.704	Rejected
H4	IP → MB	0.643	5.463	0.000	Accepted
H5	IP * RP → MB	0.125	0.798	0.425	Rejected

Hypothesis 1, Hypothesis 2, Hypothesis 3, and Hypothesis 5 in this study were rejected because the T-statistics value did not meet the requirements, which must be higher than 1.96, and the P-values also did not meet the requirements, which must be below 0.05. Thus, the results of testing these hypotheses show that there is not enough significant evidence to support the statement that spiritual intelligence influences buying interest and product attributes, with or without being moderated by a company's reputation. This affects buying interest and product innovation by moderating the company's reputation and influencing buying interest.

However, Hypothesis 4 in this study was accepted according to the results with a T-statistic value of more than 1.96 and a P-value of less than 0.05, both of which met the requirements. So, it can be said that product innovation significantly influences buying interest.

Table 2. Dimensions Of Spiritual Intelligence Variables

Dimension	Path Coefficient
God	0.475
People	0.412
Self	0.333

In the spiritual intelligence variable, the dimension of God has the most powerful role compared to other dimensions. (Table 2) In comparison, the dimension of yourself is the dimension that has the lowest value. The factor that most influences buying interest in accordance with the indicators that have the highest value is when consumers feel faithful and comfortable in their relationship with God and value their lives as gifts. So that the more faithful and the more grateful someone is in his spiritual life, the greater the level of one's buying interest, especially

for products related to a particular religion.

Table 3. Dimensions Of Product Attribute Variables

<i>Dimension</i>	<i>Path Coefficient</i>
Price	0.297
Packaging	0.279
Distribution Channel	0.242
Legal Aspects	0.226
Brand Image	0.189

The price dimension in the product attribute variable has the highest value, (Table 3) which means that price plays a very important role in that variable. The brand image has the weakest role in the product attribute variable. The factor that most influences buying interest according to the indicators that have the highest value is product certification, such as BPOM and halal certification. Besides, the price also affects a person's buying interest. If the price is more affordable for consumers, the buying interest will be higher.

Table 4. Dimensions Of Product Innovation Variables

<i>Dimension</i>	<i>Path Coefficient</i>
Innovation Attributes	0.235
Communicability	0.208
Compatibility	0.203
Relative Excellence	0.180
Product Benefits	0.169
Changes in behavior	0.135

In the product innovation variable, the dimension of innovation attributes has the greatest value among other dimensions. (Table 4) This shows that the dimensions of innovation attributes play a large role in these variables while the dimensions of behaviour change have the smallest value, so the role is very weak. The factor that most influences buying interest in accordance with the indicators that have the highest value is the variation of product packaging, where the more practical the packaging, the higher buying interest. In addition, price compatibility with product quality also strongly influences buying interest and the extent to which the product can meet consumer needs.

Following are the results and discussion of this research

1. Spiritual intelligence does not significantly influence buying interest

From the hypothesis test, the statement of Hypothesis 1 is rejected; the results of this study show that spiritual intelligence does not significantly influence buying interest. According to one respondent, Ana (22 years), a person's level of spiritual intelligence does not significantly influence deciding to buy a product, even though the product is related to a particular religion. Someone will focus more on the advantages these products possess that are not owned by other products.

As a Muslim woman who does not wear the hijab, she says that although she does not wear the hijab, she still has an interest in buying HF body lotion products due to its advantages. This supports the results of this research. Namely, a person's level of spiritual intelligence does not significantly influence deciding to buy a product, which in this context is the HF body lotion product.

2. Product attributes do not significantly influence buying interest

Hypothesis 2, which states that product attributes significantly influence buying interest, is rejected. If the path coefficient value of each dimension to the product attribute variable is sorted, then the dimension that has the highest value is the price dimension of 0.297, then the packaging of 0.279, the distribution channel of 0.242, the legal aspect of 0.226, and finally the brand image of 0.189. This shows that the dimension that plays the most role in product attributes is the price dimension, while the other dimensions do not have a significant influence.

This is evident from the profile of respondents who mostly have income levels below 5 million rupiahs per month (89.33%) and expenditures below 5 million rupiahs per month (92%), which includes the middle and lower-middle classes. However, the price dimension does not have a strong role, so the effect of overall product attributes is not significant enough to influence buying interest.

In addition, from the age of the product itself, HF was launched on September 27, 2017, so it is only a year old. It takes time to build a brand to be well known and well-received by consumers. Therefore, it cannot be denied that several other brands have already been embedded in the minds of consumers. At present, the brand image in the context of HF does not yet have a strong enough role in the product attribute variable influencing buying interest. It is different from other PT XYZ products, product A which has been around for 34 years and product B, which has even been 135 years old. And even more so, both of these products have been widespread throughout Indonesia, even in various countries. These brands are already known by consumers, so the brand image influences the buying interest of both products and beats the brand image of HF, which is relatively new.

Based on interviews with HF brand manager, Mahnessa Siregar, the brand name of HF comes from the word "Hijab" to indicate that this product is intended for women with hijab, and the word "Fresh" is the main benefit of this product, which is to maintain freshness, where freshness is a key preposition that distinguishes this product from other body lotions. In addition, the reason for giving the name of the product is because HF is indeed a target market for lower-class consumers. They need a brand that is direct enough to be more easily recognized and grasped, and also from the test results of several brand choice names that have been done before, the brand "Fresh Hijab" is chosen.

As for the distribution, HF is now available in all major channels targeted or desired by PT XYZ, but the distribution reach is not as wide and as wide as the distribution of product A and B. In the future, the distribution of HF can be more widespread and can reach all areas in accordance with its objectives, especially rural areas.

3. Product attributes that are moderated by the company's reputation do not significantly influence buying interest

4.

The company's reputation lacks a strong enough role in influencing product attributes on buying interest. This can be seen from Hypothesis 3, where the independent variable is moderated by the company's reputation being rejected. From the mean value of each dimension in the product attribute, the two dimensions with the highest mean value are the legal aspect dimension of 4.50 and the price dimension of 4.26. Consumers are more focused on these two things, which can be concluded if the product's price is still affordable and the product has completed legal aspects, such as BPOM and halal certification. The product is worth buying, beating considerations regarding the reputation of the company producing it.

In this case, the company's reputation is indeed relatively lacking in a strong influence related to product attributes because PT XYZ itself has various brands with different price and quality levels for one type of product, for example, body lotion. PT XYZ has three brands: A, B, and HF. Of course, consumers pay more attention directly to each product's attributes or advantages rather than the company's reputation.

5. Product innovation significantly influences buying interest

Based on the results of hypothesis testing, H4 is accepted and states that the product innovation variable has a significant positive effect on buying interest. As an innovative product, naturally, it has the most powerful

influence on buying interest so that the innovation can be accepted and liked by consumers. Innovation can create a special attraction for consumers when a new innovative product is introduced.

The dimensions of product innovation that have the greatest path coefficient value are the innovation attribute of 0.235, which means that the innovation attribute has the greatest weight in influencing product innovation. According to previous research in Uliana (2012), the dimension of innovation attributes is the dimension of product innovation that most strongly influences buying interest. Kotler and Armstrong, quoted by Uliana (2012), say the attribute of innovation is the development of a product or service that involves determining the benefits provided so that when there are products with good innovation, consumers will be interested in trying the advantages provided by these products.

This is also consistent with the fact that HF's body lotion is an innovative product that does have advantages over competitors and meets the needs of consumers, especially hijab women. Respondents also agreed that HF is a new product innovation and is different from other products. Moreover, one of the main advantages of HF, which is the first product with sachet packaging that can be resealed in the body lotion category, and the indicator states this has the highest mean value among other indicators. In addition, as explained by the brand manager of HF, HF has the main key preposition, which is freshness, which shows its superiority compared to other products through the existence of instant cooling burst, which gives an extra cool sensation.

The dimension that has the lowest path coefficient value is a change in behaviour of 0.135, which means that a change in behaviour does not have enough influence on product innovation. Uliana (2012) also states that behaviour change does not significantly influence product innovation and buying interest. This means that the presence of the HF body lotion product itself will not change the behaviour of consumers to be interested in using body lotion or increase the frequency of use.

6. Product innovation that is moderated by a company's reputation does not significantly influence buying interest.

Consumers are often interested when new innovative products are introduced. It turns out that even without seeing the company's reputation from the product itself, innovation can be enough to attract consumer buying interest. From the distribution of questionnaires in this study that most of the respondents live in Tangerang (70.67%) and Jakarta (26.67%), it can be concluded that consumers who live in big cities usually do not pay too much attention to companies that produce a product.

This can be due to the fact that generally, in a store, there are various brands of products from various companies. Hence, consumers focus more on the values of the product itself and less on the companies that produce these products. Based on the data from respondents, they acknowledge and agree that PT XYZ has a good reputation. Still, in this case, the company's reputation lacks a strong enough role in influencing the relationship of product innovation to buying interest. Product innovation itself is strong enough to influence buying interest without any significant influence on the company's reputation.

Based on the results of this study, it was found that spiritual intelligence, product attributes, product attributes, and product innovation moderated by the company's reputation did not significantly affect buying interest. In contrast, product innovation significantly affected buying interest. This shows that managers and businesspeople should pay attention to aspects of product innovation to increase consumer buying interest. This does not mean that other aspects, such as product attribute factors, do not need to be considered because they also influence buying interest.

In the fierce competition, the company will undoubtedly try to win the competition to increase its market share and profits for the company. By paying attention to important aspects in influencing buying interest, a company can create something that can attract consumer buying interest appropriately. One of the important things in buying interest is the innovation of the product. As stated by Tidd and Bessant (2013) that innovation is one important element in achieving success. Companies that innovate in their products will attract more attention and consumer buying interest, of course, with the various advantages offered by the product itself. This is supported by the research results that product innovation has a significant influence on buying interest.

4. Conclusions

From the results of the analysis and testing that have been carried out, there are several conclusions as follows:

1. Spiritual intelligence, product attributes, product attributes, and product innovations moderated by the company's reputation do not significantly influence buying interest. That way, it means that there are still other factors beyond the variables examined in this study that affect buying interest. Based on the results of the path coefficient, sorted from the variables that have the strongest to the weakest influence on buying interest are spiritual intelligence variables, moderated product innovation, moderated product attributes, and the last is the product attribute variables.
2. Product innovation significantly influences buying interest and consists of several dimensions, namely relative excellence, compatibility, communicability, product benefits, innovation attributes, and behavioural change. The strongest dimension is the attribute of innovation, while the weakest is behaviour change

Based on the results of this study, the owners and managers of consumer goods businesses must understand that product innovation plays an important role in influencing consumer buying interest. In accordance with the study results, it shows that the hypothesis stating that buying interest is influenced by the product innovation variable is accepted. Product innovation is an important thing that must be considered by the owners and business managers, where innovation can be a major weapon of the company to attract consumers to buy and improve company performance.

The study's factors of spiritual intelligence, product attributes, and company reputation did not significantly influence consumer buying interest. However, this does not mean that businesses do not need to pay attention to these three factors. Even though the study results indicate that the three factors are rejected, this does not mean that these factors do not influence at all. Although, indeed, in the context of this study, these three factors lack a significant influence, these factors can support companies in increasing consumer buying interest. In addition, these three factors are also interrelated with product innovation to attract consumer buying interest.

There are several suggestions for further research. Most of these suggestions are proposals and recommendations related to research limitations. The proposals include: The next researcher should conduct research in several other regions in Indonesia with a broader scope, especially in big cities, to better cover the entire Indonesian community. The next researcher should allocate more time to collect more data from digging deeper into understanding and getting a more diverse picture in terms of the characteristics of respondents.

This research model can also be modified for further research purposes by adding other variables, such as promotion or consumer behaviour, or adding a hypothesis to test the effect of each independent factor on the dependent variable. The modification will give new results and add insight.

The next researcher can conduct research with different research objects, such as body lotion with other brands besides HF or product categories other than body lotion, to produce a new finding that is different from the results of this study.

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