

# Analysis of Factors Affecting Millennial Consumers' Demand for Halal Bread Products

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## Analysis of Factors Affecting Millennial Consumers' Demand for Halal Bread Products

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### Abstract

**Purpose:** this study aimed to examine the factors affecting millennial consumers' demand for halal labeled bakery products (sweet bread).

**Methods:** this research used a quantitative approach to estimate the dominant factors affecting Muslims' demand, based on multiple regression analysis using the Ordinary Least Square (OLS) method.

**Results:** (1) The prices and income had a positive and significant effect on millennial consumers' for halal-labeled bakery products. (2) The halal issue had a positive but insignificant effect on millennial consumers' demand for halal-labeled bakery products. (3) millennial consumers' demand for halal-labeled bakery products did not vary depending on taste and method of payment.

**Conclusions and Relevance:** the price was a determinant factor in the demand for halal bakery products. So we recommend that millennial consumers should consider both bread price and quality and whether it is halal or not. The halal concern had actually a positive but insignificant effect, because millennial generation students are expected to pay more attention to the halal issue by considering halal labeling and composition of bakery products (sweet bread) and by having knowledge of halal products.

**Keywords:** Islamic Demand, Income, Price, Taste, Method of Payment and Halal Concern

**Conflict of Interests.** The authors declare that there is no Conflict of Interest.

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## Анализ факторов, влияющих на спрос потребителей поколения «миллениалы» на халяльную хлебную продукцию

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Аннотация

**Цель** представленной статьи: выявление специфики спроса на халяльную продукцию, в частности, изучение факторов, влияющих на спрос на хлебобулочные изделия с маркировкой «халяль», и особенностей потребительской мотивации представителей поколения «миллениалы».

**Методы или методология проведения работы.** В исследовании использован количественный подход для оценки преобладающих факторов, которые воздействуют на спрос со стороны мусульман, с применением множественного регрессионного анализа по обычному методу наименьших квадратов (ОМНК).

**Результаты работы.** В ходе проведенного исследования авторами установлено, что: 1) цены и доход оказывают значительное влияние на спрос потребителей-«миллениалов» на хлебобулочные изделия с маркировкой «халяль»; 2) соблюдение халяльных правил оказывает положительное, но не столь значительное воздействие на спрос изучаемой возрастной группы на соответствующую хлебную продукцию; 3) спрос на хлебобулочные изделия с маркировкой «халяль» со стороны потребителей поколения «миллениалы» не различается в зависимости от вкусов и способа оплаты.

**Выводы.** Определяющим фактором спроса на халяльные хлебобулочные изделия является их цена. Однако в отношении потребителей-«миллениалов» рекомендуется учитывать как цену и качество хлеба, так и то, является ли он халяльным. Забота производителей о соблюдении правил «халяль» оказывает хотя и незначительное, но в целом положительное влияние на спрос продукции, поскольку выявлено, что студенты поколения «миллениалы» предпочтительно обращают большее внимание на религиозные правила, изучают маркировку и состав хлебобулочных изделий (сладкого хлеба) и информированы о наличии халяльных продуктов.

**Выводы, полученные по итогам исследования специфического монопродукта, предназначенного для достаточно узкого сегмента рынка, тем не менее, валидны и за пределами рассмотренной рыночной группы. В частности, интерес представляет выявленный факт, что религиозная приверженность (конкретно поколения «миллениалы») оказывает не столь сильное влияние на спрос, как это можно было бы ожидать.**

**Ключевые слова:** исламский спрос, доход, цена, вкусы, способ оплаты, халяльная продукция, соблюдение правил «халяль»

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## Introduction

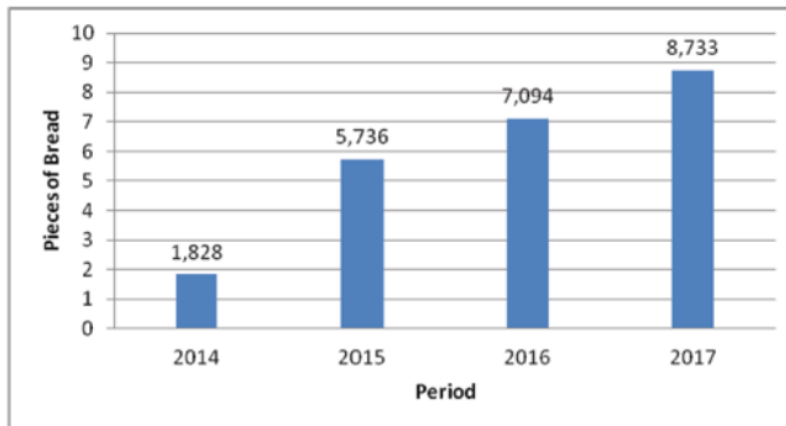
Indonesia is one of the countries with a predominantly Muslim population of 265 million people (BPS, 2018). By becoming the biggest Muslim country, Indonesia has turned into a large prospective market for various manufacturers of goods and services. Bashori (2018) states that in Islamic economies people learn not only about finance and banking, but also about halal food, cosmetics and fashion industries, which augurs well for a future Shari'a economy. This consumption pattern is regulated by Shari'a Islamic law (Effendi, 2010).

Shari'a prohibits every Muslim from consuming products freely because their contents are not necessarily in accordance with Shari'a precepts. With the existence of the Shari'ah, Muslim consumers, especially Indonesian consumers, will be on the safe side if they consume certified halal issued by the Indonesian Ulama Council (MUI). This certification authorizes a company to print the halal logo on product packaging or to display it on the company's premises (MUI, 2018).

Consumption is strongly influenced by the quality of faith both in the form of material or spiritual satisfaction (Apryanti, 2018). The changes in lifestyle patterns are one of the causes of changes in the food consumption

patterns (Rizka, Purnama Dewi and Hasanah, 2018). The increasing onset of modernity makes people's lifestyles shift towards wanting things that are both practical and easy to obtain. The emergence of the *bakeries* in downtown cities, one of them in the city of Palembang located in the province of South Sumatra, Indonesia is a sign of changes in food consumption patterns. The various food compositions with different additives used are difficult to distinguish between. This situation makes prohibited things, especially food and beverages, hard to identify, so that the halal food products are doubtful. At present the marketers of various popular foods are targeting the millennial generations who are still students. The millennial generation is one born in the range of 1980–2000 and living in the third millennium era (Sebastian, 2017).

During the 2014<sup>th</sup>–2017<sup>th</sup>, it can be seen that the average per capita expenditure for consumption of processed food has increased annually by 2.9 percent (BPS, 2017). The food and beverages category includes bread, cakes, fried foods, instant noodles, gado-gado, bottled water and others. Rizka (2018) emphasized that bread products are a source of carbohydrates second to rice only. The presence of halal labels on the packaging of bread products is a major consideration in purchasing decisions.



Source: (BPS, 2017).

**Fig. 1. Average per capita consumption of foodstuffs produced by South Sumatra Susenas (urban areas) in the period of 2014–2017**

Figure 1 shows that the average per capita consumption of bread, both sweet bread and white bread, by the population of South Sumatra was 1828 pieces in a month in 2014, with an increase to 5736 pieces of bread a month in 2015. In 2016 the average per capita bread consumption in South Sumatra increased to 7094 pieces of bread a month, and finally in 2017 there were 8733 pieces of bread consumed per month. Based on these data it can be seen that the level of public consumption of bread is quite high. In general, the high average bread consumption per capita is due to the population density in the Province of South Sumatra. The latter is inseparable from the role of the city of Palembang with its 1.6 million strong population that is 91.93 per cent Muslim (BPS, 2017).

The effect of income level on consumption is quite similar (Mankiw, 2012). Income is the total revenue received by millennial consumers in a certain period. Pocket money is understood to mean income received by millennial consumers who are non-working students. The income obtained can be used to pay for education and food and for other needs.

In addition to income factors, prices can also influence consumer behavior. Prices affect Muslim consumers' purchasing decisions in Medan by 65.1 percent (Alfian and Muslim, 2017). But in Islam, consumer behavior must reflect Muslim consumers' relations with Allah SWT. Every daily shopping move is a manifestation of remembrance of the name of Allah, which means choosing no illicit, miserable, or gluttonous goods to make life safe (Muhammad, 2016).

According to Marzuki et al. (2012) and Omar et al. (2013), the concept of Islamic food was based on quality, cleanliness and composition of food that may not be impure. Whereas according to Nawi and Nasir (2014) halal food is distinguished by halal food certificates, according to Rizka (2018) the demand for halal bread depends on halal awareness, and income also has a significant effect on demand for halal bread products.

At Palembang Sriwijaya University, especially at its Department of Economics, most students are Muslims (unsri.ac.id, 2017). Students are a critical population are equipped with basic and religious knowledge. One of them is halal prudence, which means that someone with proper halal awareness will be rational and care more about the halal food consumed and will thus become a smart consumer. Students are a group of learners who can digest information well and choose products that are good for consumption, without having to be watched closely by parents.

In addition, the researchers observed that at the Department of Economics of Palembang Sriwijaya University, students attend seminars with their snack boxes that include sweet bread. The researchers rarely see pastry (sweet bread) in halal labeled packaging. This is very detrimental to the consumer, because consumers, especially Muslims, have no certainty about the halal product. Moreover, the presence of halal labels on bread products is an essential attribute for Muslim consumers. With the existence of this halal labeled food, Muslim consumers – in this case, the

millennial generation under review, can ensure that products are feasible and good for them to consume. Thus, they can eat the products with halal labels on its packaging without any doubts.

According to Sukesti and Mahdukh (2014), halal labels influence foodstuff purchasing decisions. However, only a few bread and cake manufacturers have received halal certificates. This is detrimental to the rights of Muslim consumers because consumers have no certainty about halal products. So this study will further discuss the factors that affect demand for halal bread in the light of halal tastes and concerns. Regarding the phenomenon and the low concern about halal food, this study will explain that consumer demand (Millennial Consumer) for halal bread is influenced by Al-mua'wid (income), Transaction / Price Costs, raghabah / taste and halal concern.

### Literature Review

Economic theory that underlies Islamic demand and Islamic consumption according to Ibnu Taimiyah is briefly reviewed. This study used a model of Islamic demand according to Ghazali in Karim, 2017; Mankiw, 2012; Prasnawati, 2017; according to literature on demand, in Islamic economies, Islam's law have a limited influence on consumer's economic behavior. In Islamic economies, the norms and attitudes called morals/*akhlak* constitute a guideline for economic activities. This is what distinguishes between economic demand in conventional and shari'ah economies. In the Islamic economy, consumption is an activity that meets the needs of both body and spirit to maximize human function as a servant of Allah SWT and attain prosperity or happiness in this world and afterwards (*falah*). *Falah* is the highest economic value in Islam.

Several studies that illustrate the determinant factors of Islamic demand and several other empirical findings that support the existing hypotheses include:

Alfian and Muslim (2017), in their study of Halal, Brands and Prices, found it to influence 65.1 percent of Muslim consumers' purchasing decisions in Medan. The study's findings of the study indicated that the halal label is the final factor taken into account in making a purchase.

Likewise, Widodo's 2015 study of halal food labeling and price focused on the ingredients of instant noodles. According to Widodo, halal labeling and prices had an influence on the purchase of instant noodles, which means consumers will buy the noodle products if labeled halal and at affordable prices.

The research conducted by Iranita (2013) who examined halal labeling on packaging products found that 43% of respondents who bought halal-labeled prod-

uct purchase factored in their belief that the product purchased was halal. 42% of the respondents believed that buying Halal labeled products asserted their Muslim identity. Halal labels on product packaging can increase the number of decisions to buy the product.

Rizka et Al. (2018) did a research on Bread Products in the Food Consumption Pattern and the effect of halal labels on public consumption decisions. Rice is still the main source of carbohydrates, and bread products are their second largest source. However, the higher the income group is, the more bread products it consumes. Most respondents consider that the halal label is the main consideration in the decision to purchase bread products.

In modern life, educated people's lifestyles usually influence their of both everyday and consumer behavior patterns. This is confirmed by the Soesilowati and Yuliana study (2013) about both minority and Muslim majority consumers' behavior in respect of halal products. The factors that limit the behavior of halal food consumers include attitudes, subjective norms, perceptions of behavioral control and education level.

Ahmed et Al. (2018) examined *Consumer Behavior towards Willingness to Pay for Halal Products: an Assessment of Demand for Halal Certification in a Muslim Country*. This study highlighted the existence of Muslim consumer concerns with respect to labeled products and operations in a Muslim country. There are concerns about halal, religiosity, and perceptions of the use of halal and staple products, which have a significant impact on willingness to pay for halal food and the level of demand for halal food.

Rizka et al. (2018) reviewed bread products in food consumption patterns and the presence of halal labels affecting community consumption decisions. The results showed that the halal awareness variable, duration of education and the origin and lower income group dummy variables had a significant effect on the consumption decisions of bread products.

### Conceptual Framework

According to Ibn Taimiyyah, demand is influenced by people's tastes (raghbah), quality of buyers (al-mu'awid), weak or strong need for an item, the way payments are made, and the amount of transaction costs. In addition, in the Islamic economy, a Muslim is required to consume halal food according to Shari'ah recommendations to raise his/her mashlahah.

Figure 2 is a research plan to be followed in analyzing the factors that influence millennial consumers' demand for halal bakery products. The study includes

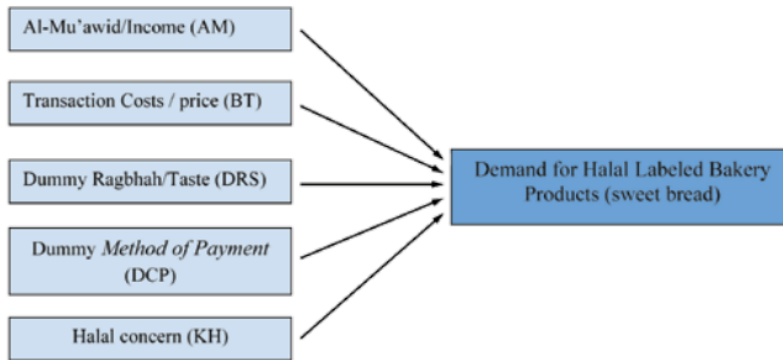


Fig. 2. Conceptual Framework

variables that influence each other. Those variables and their interrelationships shape the design of the model to be used. The variables factored into the model are Al-Mu'awid/Income (AM), Transaction costs/Price (BT), Ragbhah/Taste (DRS), Dummy Method of Payment (DCP) and Halal Concern (KH) which affects the Demand for Halal Labeled Bakery Products (sweet bread) (Li).

### Research Methodology

#### Model and Method Analysis

This research used a quantitative approach to estimate the dominant factors affecting Islamic demand on the basis of multiple regression analysis using the Ordinary Least Square (OLS) method. The general functions for Islamic demand model are as follows:

$$Y_i = f(X_1, X_2, X_3, X_4, X_5).$$

Then an estimation of the econometric model is carried out using the OLS: method

$$Li = \alpha + \beta_1 AM + \beta_2 BT + \beta_3 DRS + \beta_4 DCP + \beta_5 KH + \varepsilon,$$

where:  $Li$  = Request bakery / cut bread;

$AM$  = Al-mu'awid / income (IDR / month);

$BT$  = Transaction costs / Price (IDR / piece);

$DRS$  = Dummy tastes (1 = happy, 0 = other);

$DCP$  = Dummy Payment Method (1 = cash, 0 = other);

$KH$  = Halal Concern (Score);

$\alpha$  = intercept;

$\beta$  = Parameter of the  $X_i$  variable;

$\varepsilon$  = Standard error.

This section explains the types and sources of data that interpret the main characteristics of these variables related to econometric analysis: To analyze the factors that influence the demand for food, we chose the location at Sriwijaya University due to the large number of millennial Muslims in the area. The main source of data for this study was primary data, that was collected using a survey method with proportional random sampling. A total of 93 students (both male and female) were interviewed in this study; to calculate the sample, the formula used is the Slovin formula with an error rate of 10% which is as follows:

$$n = \frac{N}{Nd^2 + 1},$$

where:  $n$  = Number of samples;

$N$  = Total population;

$d^2$  = Percentage of sample errors, in this study 10%.

Based on this formula the calculation of the number of samples with a population of 1.327 people is as follows:

$$n = \frac{1327}{1327(0.1)^2 + 1} = 92.99 = 93 \text{ students.}$$

So the total of samples for this study was 93 students.

#### Variables

The object of analysis in this study was Sriwijaya University students. After reviewing the theory and previous research, the variables associated with this study are Al-Mua'awid / Income, Transaction Costs / Prices and Halal Concern, for these factors are thought to influence demand for Islamic food. In addition to

looking at the factors that influence Islamic demand, the study also examined demand for Islamic that presumably differed depending on taste and method of payment. The hypotheses are described below:

Hypothesis 1:

Al-Mu'awid / Income presumably has a significant influence on demand for halal labeled bakery products (halal bread).

Hypothesis 2:

Transaction cost / Price Costs presumably has a significant influence on demand for halal labeled bakery products (halal bread).

Hypothesis 3:

Difference in Raghbah / Tastes presumably has an influence on demand for halal labeled bakery products (halal bread).

Hypothesis 4:

Difference of Payment Methods presumably has an influence on demand for halal labeled bakery products (halal bread).

Hypothesis 5:

Halal concern presumably has a significant influence on demand for halal bakery products.

Hypothesis 6:

Al-Mu'awid / income, Transaction cost / Price, Raghbah / Taste, Payment Method and Halal concern combined have a significant influence on demand for halal bakery products (sweet bread).

## Results and Discussion

### Descriptive Statistics

The data are analyzed to explain the descriptive statistics of the selected variables and present data in the form of tabulations, which include rows and columns. This analysis discusses the relationships of Al-mu'awid / income, transaction costs / prices, raghbah/taste, method of payment, and concern for the halal halal labeled bakery products (sweet bread) with descriptive statistics.

### The Relationship between Income and Demand for Halal Labeled Bakery Products (Sweet Bread)

Income has a close relationship with demand: the higher the income, the higher the demand. This is also true of halal labeled demand for bakery products (sweet bread): the higher the income of the millennial generation, especially students, the more halal labeled bakery products (sweet bread) are purchased.

Table 1 identifies 71 people in the lowest income categories, namely IDR.400000–1119999/month: as many as 47 people (66.19 percent) had a demand for labeled halal bakery products (sweet bread) of 1–6 units of bread per month, while 33.81 percent of that, or 24 people with an income of more than IDR.1.199.999/month had the same level of demand for halal labeled bakery products (sweet bread).

Of 11 respondents from the highest income category, namely 2.560.000–3.999.999/month, 4 people (36.3 percent) had a demand for halal labeled bakery products (sweet bread) of 10–15 units / month

2 Cross Tabulation Between Income and Demand for Halal Labeled Bakery Products (Sweet Bread)

Table 1

Income (IDR / month)	Demand for Bakery Products (Units / Month)					Total
	1–3	4–6	7–9	10–12	13–15	
400 000–1 119 999	32	15	0	0	0	47
	34.4%	16.1%	0.0%	0.0%	0.0%	50.5%
1 120 000–1 839 999	6	16	3	0	0	25
	6.5%	17.2%	3.2%	0.0%	0.0%	26.9%
1 840 000–2 559 999	1	1	8	6	1	17
	1.1%	1.1%	8.6%	6.5%	1.1%	18.3%
2 560 000–3 279 999	0	0	0	0	2	2
	0.0%	0.0%	0.0%	0.0%	2.2%	2.2%
3 280 000–3 999 999	0	0	0	0	2	2
	0.0%	0.0%	0.0%	0.0%	2.2%	2.2%
Total	39	32	11	6	5	93
	41.9%	34.4%	11.8%	6.5%	5.4%	100.0%

Source: Primary Data, (processed, 2019)

while 63.7 percent of these, or 7 people, have income of less than IDR.2.560.000 / month with the same demand for bread.

#### The Relationship between Price and Demand for Halal Bakery Products (Sweet Bread)

The price of bread has a great influence on demand for halal labeled bakery products (sweet bread), in general, halal purchases of labeled bakery products (sweet bread) are in line with student's purchasing power. Thus, students generally buy halal labeled bakery products (sweet bread) at a low price.

Table 2 shows that among the 71 people who buy halal labeled bakery products (Sweet Bread) in the lowest price category of IDR.2000-25999 per unit, all the 71 people (100 percent) buy 1-6 units per month. Of the 11 respondents buying in the highest price category, at more than IDR.64.999/unit, one person (1.1 percent) has a level of demand for halal labeled bakery products (sweet bread) at 10-15 units / month, while 99.1 percent of that or as many as 10 people with prices less than IDR.64.999 / unit on demand for the same bread.

#### The Relationship between Taste and Demand for Halal Bakery Products (Sweet Bread)

The choice of halal labeled bakery products (sweet bread) is depended on the consumers; particularly, students make their choice not just on the basis of their affections but use religious criteria such as product labeling and conformity to Shari'ah Islam.

Table 3 shows that out of 71 people with the lowest bread demand, namely 1-6 units / bread / month, as many as 59 people (83.1 percent) bought halal bakery products (sweet bread) on the basis of the preference for these bread products- while 16.9 percent of that or as many as 12 people bought halal labeled bakery products (sweet bread) on the basis of Islamic Shari'ah and halal labeling. From 11 respondents with the highest category of demand for labeled bakery products (sweet bread) 10–15 units of bread / month as many as 7 people (63.6 percent) who bought halal labeled bakery products (sweet bread) on the basis of the preference for these bread products. Whereas

36.4 percent of that or as many as 4 people bought halal labeled bakery products (sweet bread) on the basis of Islamic Shari'ah and halal labeling.

#### The Relationships between Payment Method and Demand for Halal Bakery Products (Sweet Bread)

In an era of increasingly rapid modernization which led to the creation of the digital (cash-free) payment method, it is also often applied to halal products, especially halal labeled bakery products (sweet bread).

Table 4 shows that out of 71 people with the lowest bread demand of 1-6 units / bread / month, as many as 70 people (98.6 percent) bought halal bakery products (sweet bread) with cash, while 1.4 percent of that or just one person bought a halal labeled bakery product (sweet bread) by non-cash method. Out of the 11 respondents with the highest demand for halal labeled Bakery Products (sweet bread), namely 10-15 units of bread per month, as many as 11 people (100 percent), or all, bought halal labeled bakery products (sweet bread).

#### The Relationship between Halal Concern and Demand for Halal Bakery Products (Sweet Bread)

The level of halal concern determines consumers' choice of halal product, generally the level of halal concern is seen in terms of halal level, halal labeling and composition.

Table 5 describes 71 people in the lowest level of care category with a perception value of 1.21-3.3 as many as 3 people (4.22 percent) have a halal label labeled bakery product (sweet bread) as many as 1-6 units of bread / month, and 95.78 percent of that or as many as 68 people who have a perception value of more than 3.3 with the level of demand for halal labeled bakery products (sweet bread) is same. Out of the 11 respondents with the highest category of halal concern level with a perception value of 5.8-7.0 as many as 9 people (81.8 percent) have a level of demand for halal labeled bakery products (sweet bread) 10-15 units / month. 18.2 percent of that or as many as 2 people have a perception value of less than 5.8 with the demand for the same bread.

Table 2  
Cross Tabulation Between Price and Demand for Halal Labeled Bakery Products (Sweet Bread)

Price (IDR)	Demand for Bakery Products (Units / Month)					Total
	1–3	4–6	7–9	10–12	13–15	
2000–25 999	39	32	11	6	4	39
	41.9%	34.4%	11.8%	6.5%	4.3%	41.9%
> 64 999	0	0	0	0	1	0
	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%



End of Table 2

Price (IDR)	Demand for Bakery Products (Units / Month)					Total
	1–3	4–6	7–9	10–12	13–15	
Total	39	32	11	6	5	39
	41.9%	34.4%	11.8%	6.5%	5.4%	41.9%

Source: Primary Data, (processed, 2019)

Table 3

2 Cross Tabulation Between Taste and Demand for Halal Labeled Bakery Products (Sweet Bread)

Taste	Demand for Bakery Products (Unit / month)					Total
	1–3	4–6	7–9	10–12	13–15	
Like it	31	28	10	3	4	76
	33.3%	30.1%	10.8%	3.2%	4.3%	81.7%
Others (Islamic Shari'a and Halal labeling)	8	4	1	3	1	17
	8.6%	4.3%	1.1%	3.2%	1.1%	18.3%
Total	39	32	11	6	5	93
	41.9%	34.4%	11.8%	6.5%	5.4%	100.0%

Source: Primary Data (processed, 2019)

Table 4

2 Cross-Tabulation Between Payment Method and Demand for Halal Labeled Bakery Products (Sweet Bread)

Payment Method	Demand for Bakery Products (Unit / month)					Total
	1–3	4–6	7–9	10–12	13–15	
Cash	39	31	10	6	5	91
	41.9%	33.3%	10.8%	6.5%	5.4%	97.8%
Cash-free	0	1	1	0	0	2
	0.0%	1.1%	1.1%	0.0%	0.0%	2.2%
Total	39	32	11	6	5	93
	41.9%	34.4%	11.8%	6.5%	5.4%	100.0%

Source: Primary Data, (processed, 2019)

Table 5

2 Cross-Tabulation Between Halal Concern and Demand for Halal Labeled Bakery Products (Sweet Bread)

Income (IDR / month)	Demand for Bakery Products (Unit / month)					Total
	1–3	4–6	7–9	10–12	13–15	
1–1.21	2	0	0	0	0	2
	2.2%	0.0%	0.0%	0.0%	0.0%	2.2%
2.2–3.3	0	1	0	0	0	1
	0.0%	1.1%	0.0%	0.0%	0.0%	1.1%
3.4–4.5	1	1	1	0	1	4
	1.1%	1.1%	1.1%	0.0%	1.1%	4.3%
4.6–5.7	2	0	3	0	1	6
	2.2%	0.0%	3.2%	0.0%	1.1%	6.5%
5.8–7.0	34	30	7	6	3	80
	36.6%	32.3%	7.5%	6.5%	3.2%	86.0%
Total	39	32	11	6	5	93
	41.9%	34.4%	11.8%	6.5%	5.4%	100.0%

Source: Primary Data (processed, 2019)

### Econometric Analysis

The estimated results of the multiple regression model of demand for halal labeled bakery (sweet bread) products are shown in Table 6:

Thus it can be arranged in the following equation:

$$Li = -1.271 + 0.003 \cdot AM + 0.060 \cdot BT - 0.019 \cdot DRS + 1.531 \cdot DCP + 0.035 \cdot KH$$

Based on the regression results of equation above, we can conclude that the influence of each independent variable, including income, price, method of payment and halal concern, positively influence demand for halal bread, Whereas the taste variable has a negative affects to demand for halal bread. The coefficient results can be interpreted as follows:

1. The constant value ( $\beta_0$ ) = -1.271 can be interpreted to mean that if the income, price, method of payment, taste and concern for halal are considered fixed or zero, then demand for halal bread is -1.271. That is, the demand for halal bread unaffected by variables of income, price, method of payment, taste and halal concern is equal to -1.271.
2. Coefficient value ( $\beta_1$ ) = 0.003 means that the income variable has a positive influence on demand for halal bread: incomes increasing by 1% will increase demand for halal bread by 0.003 percent.
3. Coefficient value ( $\beta_2$ ) = 0.060 means that the price variable has a positive influence on demand for halal bread: the price increasing by 1% will increase demand for halal bread by 0.060 percent.
4. Coefficient value ( $\beta_3$ ) = -0.019 means that preferences based on Islamic law and labeling of halal products induce a demand for halal bread lower by 0.019 percent compared to tastes based on preference for halal bread products. Coefficient value ( $\beta_4$ ) = 1.531 means that the cash payment method induces demand for halal bread higher by 1.5 percent as compared to non-cash payments.
5. Coefficient value ( $\beta_5$ ) = 0.035 means that the concern variable had a positive effect on demand for halal bakery: with halal concern level increasing by 1%, demand for halal bread will increase by 0.035 percent.

### The Effect of Income on Demand or Halal Bread

Statistical values indicate that the income variable has a probability value of t-statistic (P- value) 0,000, so income is considered significant for demand for halal labeled bakery products. According to Table 6, coefficient value = 0.003 means that every increase of income by 1 percent will increase the demand for halal labeled bakery products (halal bread) by 0.03 percent. The influence of the income level on consumption is closely related to the total income that consumers get for a certain period (Mankiw, 2012). Pocket money is assumed to be income received by students as millennial consumers who have not worked. The income obtained can be used to pay for education and food and for other necessary needs.

The results show that income had a positive influence on demand for halal labeled bakery products (sweet bread), it means that the higher the income, the higher is the quantity of halal labeled bakery products (sweet bread) bought. This is in line with the research of Ahmed et. Al. (2018) and Othman and Saifudin (2016), who found that the decision to buy halal bread depends on the level of income.

### The Effect of Price on Demand for Halal Bread

The price variable has a probability value of t-statistic (P- value) 0.018, so the price is considered significant to the demand for halal labeled bakery products (sweet bread). According to 6, the coefficient value = 0.060 means that every increase in price by 1 percent will increase demand for halal bread by 0.060

Table 6

Multiple Regression Estimates

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-1.271	1.724		-.737	.463
Income	.003	.000	.801	12.717	.000
Price	.060	.025	.147	2.416	.018
Taste	-.019	.487	-.002	-.039	.969
Payment Method	1.531	1.298	.072	1.179	.242
Halal Concern	.035	.061	.036	.566	.573

Source: Primary Data (processed, 2019)

percent. According to the microeconomic theory that prices have a negative effect on the demand for goods, the higher is the price of a demand, the smaller are the item's sales; but the results of this study show that the price of sweet bread has a positive effect on demand for halal labeled bakery products which means the price does not affect millennial consumers' the desire to continue to buy halal labeled sweet bread. In this case, Islamic economics is at variance with the theory of demand, but in this case, it may be explained by Al-Ghazali by reference to the Islamic social welfare function called *maslahah*. Welfare (*maslahah*) is a concept that covers all human activities and makes a close connection between individuals and society. Welfare or *maslahah* of a society depends on the search and maintenance of five basic objectives; (1) religion (*ad-dien*), (2) life or soul (*nafs*), (3) family or descent (*nasl*), (4) wealth (*maal*), and (5) intellect or mind (*aqil*). Ghazali emphasized that according to the guidance of the Revelation the main purpose of humanity is to achieve goodness in the world and hereafter (*maslahat al-din wa al-dunya*).

The results of this study are in line with the study of Shariff and Abd Lah (2012) and Rizka et. Al. (2018) which finds that the desire to buy sweet bread labeled halal is determined by religion (*ad-dien*) property or wealth (*maal*), meaning the desire to buy halal products or not depends on the Islamic health function (*maslahah*) to achieve goodness in the world and in the hereafter (*maslahat al-din wa al-dunya*).

#### Demand for Halal Bread Based on Taste

The estimation results show a coefficient value = -0,019 which means that tastes based on Islamic law and labeling of halal products make demand for halal labeled bakery products lower by 0.019 percent compared to tastes on the basis of preferences for bakery products labeled as halal.

The community's tastes (*raghbah*) for various types of goods are different and always changing. When consumers have an appetite for an item, this will affect the amount of demand for the item. Taste variables have a probability of t-statistics (P-value) 0.969 greater than 0.05, then the tastes variable is statistically insignificant in the demand for halal bakery products. Thus, there is no difference in demand for halal bakery products depending on taste. The desire to buy bakery products labeled halal on the basis of likes and according to Islamic law and labeling halal products is the same.

Islamic cases are in line with the social welfare function Islamic called *maslahah*. This means that the demand for halal products depending on the search and maintenance of the basic objectives of religion (*ad-dien*) and life or soul (*nafs*). Thus, if someone has

the goal of achieving goodness in the world and hereafter, then the thought of buying bakery products labeled halal depends on the purpose of life in the world – which is to both love sweet bread products and the to achieve goodness in the end, which is based on religion (according to Islamic law and labeling of halal products).

The results are in line with a study by Iranita (2013) who found that the desire to buy halal labeled bakery products (sweet bread) depends on the habit of consuming the product. Meanwhile, Alfi and Muslim in their 2017 study found that the halal label is the last factor considered in making a purchase. For Muslims it is very contrary to the obligation to consume halal food, so it can be concluded that millennial consumers who are Muslim in Palembang city when making purchases have not fully paid attention to the halal label both at the store outlet and on product packaging.

#### The Demand for Halal bakery products based on Payment Method

Statistically it shows the coefficient value = 1.531, which means that the method of payment based on cash payments has a demand for halal labeled bakery products which is higher than 1.5 percent compared to the tastes based on the preference for halal bakery products.

In general, the payment methods are cash or non-cash. The price will be lower if the payment is completed by using the common currency used (Nagd raj'i) than a rare one. Taste variables have a probability of t-statistics (P-value) 0.242 greater than 0.05, then the variable payment method was stated to be statistically insignificant in respect of demand for halal bakery products. Thus, there was no difference in demand for halal bakery products based on the method of payment. It means good purchases of Halal products bakery (sweet breads) in cash or without cash is the same.

The results showed that cash or cash-free payment did not affect the desire to buy halal labeled bakery products. This can be explained by the fact that if someone has the desire to buy bread it will not depend on the type of payment for halal bread. If one has sufficient assets or wealth (*maal*) to buy halal labeled bakery products (sweet bread) then one will buy them without thinking about the payment process. In general, most respondents bought with cash, but there were some respondents who bought the bread cash-free because the conditions did not force them to buy the bread in cash.

This study is in line with the study by Iranita (2013) who found that the desire to buy halal labeled sweet bread products depends on the habit of buying these products and paying for them in cash. Whereas ac-

According to Oki and Jiwanto (2016), they found that the desire to buy halal products based on lifestyle can change attitudes and lifestyles as a major part of consuming such instant payments.

### The Effect of Halal Concern on Demand for Halal Bread

As the estimations, it showed that the halal concern variable had a probability value of t-statistic (P-value) of 0.573 which was greater than the significance level of  $\alpha$  (0.05), so halal concern was not found significant for demand for halal bakery products. Based on Table 6 the coefficient value is 0.053, it means that every increase in halal concern by 1 percent, it will increase the demand for halal labeled bakery products by 0.053 percent.

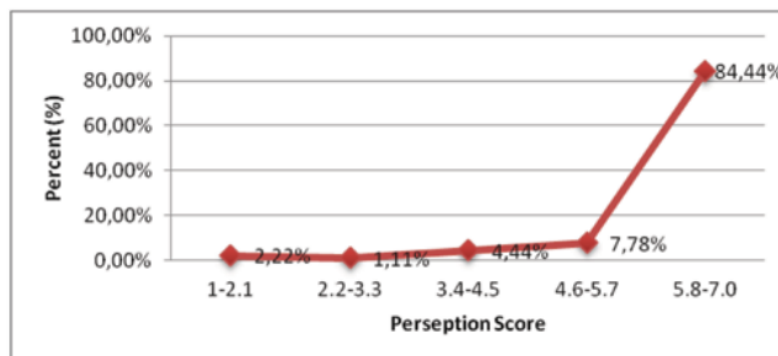
Islamic Welfare Function according to Imam Ghazali is *maslahah* which is the main goal in consuming goods, because the maximization of *maslahah* is a way to reach *falah*. *Maslahah* is a combination of benefits and blessings. The influence of *maslahah* on demand cannot be explained simply as the influence on the level of faith.

In this case, the halal concern for halal labeled bakery products (sweet bread) depends on the level of religious understanding and the desire to achieve goodness in the world and hereafter. This positive finding means that the level of concern in buying bread is based on halal product, most millennial consumers already understand the importance of halal in a product that is in accordance with the Islamic tire obligations and for Islamic provisions to avoid products that are not halal.

Non-significant influences indicate that there are several millennial consumers who do not yet know the halal concerns in a product. According to him,

the common bread products sold are categorized as halal without being determined by product labeling and the composition of the product. The results of this study are in accordance with the research of Iranita (2013) who states that the desire to buy halal bread products reflects the attitude of Muslims towards increasing their faith, halal labeling of packaging products being a reflection of halal concern for buying a product. Moreover, according to Oki and Jiwanto's research (2016), millennials who have a secular lifestyle tend not to think about the halalness of the product both in terms of labeling and bread composition. A determinant factor behind demand for halal bakery products (sweet bread) is seen in the level of halal concern. Through the four indicators, it obtained an average value of 6.41, it shows that respondents also tend to strongly agree that halal concern will influence the decision to purchase halal bakery products. This means that whenever purchasing the products, the consumers pay attention to the level of halal, the composition of food, absence of impure contents, and halal label.

Regarding the result on Figure 2, it confirms that some respondents strongly agree with the statement of halal concern. This can be seen in the distribution of the two perception value groups where 92.22 percent of respondents gave a value to the right which means agreeing to the question. Most respondent strongly agreed because the majority of respondents had already a good understanding of religion requiring to buy halal products. The level of halal is very important, given that Islamic law advocates the selection of foods that have a level of halal in their products. In taste, also a bakery product labeled halal was very popular among all people, especially students as millennial consumers because it is delicious, cheap and nutritive; halal bread is also good for body health.



Source: Primary Data (processed, 2019).

Fig. 3. Distribution of Perceptions of Respondents: Halal Concern

## Conclusions And Recommendations

### Conclusions

The results of the discussion show that prices were a determinant factor behind demand for halal labeled bakery products (halal bread). The influence of price and income had a positive and significant relationship, while halal concern had a positive influence but it was not significant. The difference in demand for halal bread based on taste and method of payment tends to be the same. Overall variations in the variables of income, prices, tastes, methods of payment and concern for halal can explain the variation in the variable demand for halal bread by 68.7 percent.

### Recommendations

- The results showed that prices were a determining factor in the demand for halal bakery products. Therefore, it is recommended that millennial consumers should consider the price of good quality and halal bread.
- Halal concern had effectively a positive but not significant effect, as millennial generations are expected to take more halal care by paying more attention to halal labeling and composition of bakery products (sweet bread) and be aware of halal products.
- The government, in this case, the Indonesian Ulama Council (MUI), should pay more attention to halal-based culinary products both in terms of material composition and product quality. Outlets or sellers should be able to pay attention to the halal products by distinguishing products labeled and not labeled halal.

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# Analysis of Factors Affecting Millennial Consumers' Demand for Halal Bread Products

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