

# Muslim Consumer Behavior in Consuming Halal Food in Muslim Minority Communities

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## Abstract

*Consumption is an important factor that drives production and distribution activities. Halal food consumption is increasingly becoming a concern, especially in non-Muslim majority countries. As Indonesia's leading tourism destination, Bali has great potential to contribute to economic growth through MSMEs. Halal food consumption preferences are easier to find in Muslim-majority areas but have become an interesting issue in areas with Muslim minorities, especially in understanding halal consumption choices in these communities. This reflects challenges in the distribution and accessibility of halal products in some areas. This study aims to analyze Muslim consumer preferences for halal food consumption in minority Muslim communities in Bali Province. This research uses an associative quantitative approach. Data were obtained from primary data and secondary data. The sample analyzed was 390 using a questionnaire. The tests carried out include the data stationarity test, lag optimum, model stability, Granger causality, and cointegration. The results showed that: 1) Price is not a significant factor for Muslim consumers in minority communities; halal and spiritual beliefs are prioritized. 2) Taste is an essential factor, where consumers choose halal food that suits local flavors and culture. 3) Trust in halal labeling is crucial, especially in areas with limited information on halal products. 4) Religiosity remains a key driver in halal food consumption, with high levels of religiosity in minority communities in Bali. 5) Subjective norms significantly influence Muslim consumer preferences in consuming halal food 6) Limited accessibility of halal food forces consumers to rely on local communities and halal labels. Based on the results of the analysis conducted, it can be concluded that although Balinese society is generally not dominated by Muslim consumers, these factors remain relevant for the halal food market in Bali, especially for Muslim tourists or local Muslim consumers who are looking for products that are by their beliefs.*

**Keywords:** *Muslim Consumer Preferences, Halal Food, Muslim Minority Communities.*

## Introduction

Consumption is an important factor driving production and distribution activities. The concept of consumption is influenced by two main theories: economic *rationalism* and *utilitarianism*. Both emphasize individual interests, often at the expense of others. While economically rational, this approach can lead to lax consumption behaviour, as it focuses on fulfilling personal interests. Meanwhile, utilitarianism emphasizes achieving the most significant benefit, even at the expense of other parties' interests or rights (Pujiono, 2006).

Halal food consumption is gaining attention, especially in non-Muslim majority countries such as Japan, Korea, and Europe, which are experiencing an increase in Demand for halal products. This is triggered by the increasing number of Muslim tourists and global awareness of the need for halal products. These countries are trying to develop the halal food industry to meet the Demand and attract Muslim tourists. In Europe, despite Muslims being a minority, the halal food industry is proliferating, with Demand increasing by 15% per year. Technological developments also facilitate access to halal food globally (Ardiani et al., 2020).

Indonesia, with the largest Muslim population in the world, has the largest halal product market, reaching USD 144 billion or IDR 2,046 trillion. The halal food industry in Indonesia continues to grow, driven by domestic and international Demand. Halal Value Chain (HVC) is a critical concept encompassing sharia-compliant ingredient selection, production, and distribution. HVC contributes 23% to the Indonesian

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economy and is projected to grow 4.7%-5.5% by 2024 (KNEKS, 2024). In addition, the halal industry contributes USD 3.8 billion per year to GDP, creating 127 thousand jobs and investments (KNEKS, 2019).

Halal has become an important parameter in product selection, with Law No. 33/2014 on Halal Product Guarantee requiring halal certification. Halal labels from authorized institutions increase consumer confidence, but certification costs can burden small businesses, especially those with low-profit margins. In Indonesia, despite the Muslim majority, there are provinces such as Bali with a minority Muslim population of only 520,244 people or 13% of the total population of Bali in 2010 (Dukcapil).

**Table 1. Population of Bali Province by Religion Adhered to 2010 Population Census Results**

	Religion						
	Islam	Hindu	Buddhism	Catholic	Protestant	Confucianism	more
Jembrana	69.608	186.319	756	2.890	1.865	2	0
Tabanan	26.070	389.125	1.533	2.691	1.195	14	2
Badung	96.166	414.863	2.475	18.396	10.234	32	125
Gianyar	18.834	447.225	799	1.692	667	28	41
Klungkung	7.794	161.589	430	372	138	0	0
Bangli	2.185	212.325	113	197	56	1	0
Karangasem	16.221	379.113	334	398	197	1	4
Buleleng	57.467	557.532	3.127	3.132	916	97	15
Denpasar	225.899	499.192	11.589	34.686	16.129	252	95
<b>BALI</b>	<b>520.244</b>	<b>3.247.283</b>	<b>21.156</b>	<b>64.454</b>	<b>31.397</b>	<b>427</b>	<b>282</b>

Source: Bali Provincial Statistics Agency (Bali.bps.go.id, 2024)

Bali Province is predominantly Hindu. The number of people who follow Islam is 520,244; Catholicism is 64,454; Protestantism is 31,397; Buddhism is 21,156; Confucianism is 427; and Hinduism is 3,247,283. The Muslim community is spread across various regions, but the largest Muslim population is in Denpasar, Badung, Jembrana and Buleleng regencies/cities. Of the 9 regencies/cities in Bali Province, these 4 have the highest number of Muslims. The regencies with the lowest number of Muslims are Bangli Regency, with 2,185 people; Klungkung Regency, with 7,794 people and Karangasem Regency, with 16,221 people.

As Indonesia's leading tourism destination, Bali has great potential to contribute to economic growth through MSMEs that are known to be creative and innovative. As an international tourist destination, Bali needs to meet the culinary needs of tourists, including offering halal food according to Sharia standards. The increasing number of Muslim tourists, especially from the Middle East and Southeast Asia, increases the Demand for halal food. Developing more halal restaurants and ensuring halal certification can increase Bali's attractiveness, expand the tourist market, and support local economic growth and culinary businesses.

**Table 2. Number of Foreign Tourists Visiting Bali Province per Month 2021-2023**

Month	Year		
	2021	2022	2023
January	10	3	331.785
February	12	1.310	323.510
March	3	14.620	370.695
April	9	58.335	411.510
May	8	115.611	439.475
June	1	181.625	478.198
July	-	246.504	541.353
August	-	276.659	522.141
September	-	291.162	508.350
October	2	305.244	461.441

November	6	287.398	403.154
December	-	377.276	481.464
<b>BALI</b>	<b>51</b>	<b>2.155.747</b>	<b>5.273.258</b>

Source: Bali Provincial Statistics Agency (Bali.bps.go.id, 2024)

The data shows a positive trend in foreign tourist arrivals to Bali, drastically declining in 2021 due to the COVID-19 pandemic of only 51 tourists. However, in 2022, the number of tourists increased significantly to 2.155.747 people, and in 2023, it reached 5.273.258 people, reflecting a solid recovery.

To increase Bali's attractiveness, accommodating halal food needs for Muslim travellers is a strategic move as the global halal market continues to grow. The halal industry plays a vital role in the economy, with Indonesia's halal product consumption estimated to reach USD 330.5 billion by 2025. Increasing domestic halal product production can help reduce the trade deficit and support Indonesia's economic growth, which is reflected in the Gross Regional Domestic Product (GRDP) indicator.

**Table 3. Gross Regional Domestic Product at Current Prices by Regency/City (billion rupiah) in Bali Province 2019-2023**

District /City	Year					Average
	2019	2020	2021	2022	2023	
Jembrana	14.136,70	13.437,61	13.510,63	14.532,26	15.612,88	14.246,02
Tabanan	23.795,93	22.257,58	22.021,14	23.681,30	25.530,93	23.457,38
Badung	62.836,11	49.026,03	44.882,08	55.290,00	68.397,56	56.086,36
Gianyar	28.520,28	25.841,72	25.788,23	27.944,21	30.529,42	27.724,77
Klungkung	9.099,50	8.450,67	8.534,43	9.210,21	10.080,22	9.075,00
Bangli	6.993,64	6.716,09	6.825,46	7.337,51	7.908,31	7.045,21
Karangasem	17.086,88	16.399,77	16.506,62	17.669,49	18.974,68	17.156,20
Buleleng	35.362,32	33.302,72	33.363,29	35.805,28	38.351,11	35.236,93
Denpasar	55.456,04	49.607,46	49.687,18	54.650,43	60.100,30	53.900,28
<b>BALI</b>	<b>251.934,10</b>	<b>224.225,72</b>	<b>220.467,45</b>	<b>245.233,24</b>	<b>274.355,72</b>	<b>243.243,25</b>

Source: Bali Provincial Statistics Agency (Bali.bps.go.id, 2024)

Regency / City GRDP data in Bali shows a decline in 2020 and 2021, to IDR 224.225,72 billion and IDR 220.467,45 billion, respectively, after reaching IDR 251.934,10 billion in 2019. However, in 2022, the GRDP increased to IDR 245.233,24 billion and experienced a significant jump in 2023 to reach IDR 274.355,72 billion. The three cities with low average GRDP growth between 2019-2023 are Klungkung (IDR 9.075,00 billion), Bangli (IDR 7.045,21 billion), and Karangasem (IDR 17.156,20 billion).

High GRDP can create a conducive environment for the growth of micro, small, and medium enterprises (MSMEs), which play a significant role in the development of the halal industry. MSMEs in Bali, dominated by the handicraft, culinary and fashion sectors of more than 265 thousand, have great potential to become the driving force of the halal industry. Through product innovation, markets, and environmental concerns, MSMEs can drive economic growth, create jobs, and preserve local culture. In Bali, the food sector is proliferating as part of MSMEs, providing excellent opportunities for business actors and significant contributions to the regional economy.

**Table 4. Number of Micro, Small and Medium Enterprises in the Food Sector Detailed by Regency / City in Bali Province 2018-2023**

District/City Regency Municipality /	Year					
	2018	2019	2020	2021	2022	2023
Jembrana	76	134	136	158	136	317
Tabanan	40	80	80	119	92	0
Badung	823	823	823	728	823	869
Gianyar	622	612	952	1.053	952	1.223
Klungkung	146	243	245	375	245	423
Bangli	36	44	47	14	47	67
Karangasem	120	146	146	269	146	43
Buleleng	200	200	200	548	200	535
Denpasar	455	582	604	604	604	952
<b>BALI</b>	<b>2.518</b>	<b>2.864</b>	<b>3.233</b>	<b>3.868</b>	<b>3.245</b>	<b>4.429</b>

Source: Bali Provincial Statistics Agency (Bali.bps.go.id, 2024)

The data shows that MSMEs in Bali Province experienced a significant increase from 2.518 in 2018 to 4.429 in 2023, reflecting strong economic growth. However, some districts such as Klungkung, Bangli, and Karangasem show a different pattern, with a lower and fluctuating number of MSMEs. Klungkung, despite having popular tourist destinations such as Nusa Penida, has a low number of MSMEs, indicating a mismatch between tourism potential and MSME development. Bangli and Karangasem also need more infrastructure and market access, which limits economic potential. Although Indonesia ranks second in global halal food production with a high score, the spread of MSMEs producing halal food is still uneven, especially in Bali, which has a minority Muslim population. This reflects challenges in the distribution and accessibility of halal products in some areas.

Consumer preference can be interpreted as a preference or a choice (Muhammad, 2016). Most food products in Indonesia are not yet fully halal certified, raising concerns about contamination of haram ingredients, such as preservatives that are prohibited in Islam. Halal certification, through the Halal Assurance System (HAS) by LPPOM MUI, ensures products meet halal standards, although many entrepreneurs need to become more familiar with this process. Consumers need accurate information about the halalness of products, especially amid concerns about contaminated products, such as pork. Halal labels on packaging, such as from LPPOM MUI, are the simplest way to ensure product halalness (LPPOM MUI, 2008).

Halal food consumption preferences are easier to find in Muslim-majority areas but have become an exciting issue in areas with Muslim minorities, especially in understanding halal consumption choices in these communities. Factors influencing halal food consumption preferences include religiosity, awareness, trust in halal labelling, income, education, access to information, subjective norms, and concerns about health and nutritional value (Sungkar, 2010). In addition, factors such as Price, taste, and environmental influences also play a role (Yevis, 2010).

Previous research shows various factors that influence halal food purchasing decisions. The results of previous research show that Price has a significant influence on purchasing decisions (Simbolon, 2019). The findings in this study are consistent with previous research, which states that Price is the most frequently reported factor influencing food choices (Bachman & Arigo, 2018). Meanwhile, other studies show that Price is proven to have no effect on purchasing preferences (Hartmann et al., 2017). This study's results align with previous research stating that Price is unnecessary for consumers (Alqudsi, 2014).

Previous studies have shown that taste is a strong predictor of individual food choices (Nguyen et al., 2015). This study's findings are consistent with previous research stating that women's tastes are significantly more likely to purchase food, but men are not affected by tastes (Piester et al., 2020).

Previous research shows that 62% of consumers place the appearance of halal logos and certificates as the top priority in making decisions to buy halal meat products (Alqudsi, 2014). The findings in this study are consistent with previous research, which states that the halal logo significantly influences halal food consumption behaviour (Billah et al., 2020). Meanwhile, other studies suggest that the halal label does not affect purchasing decisions (Fadila et al., 2020). This study's results align with previous research that the halal label does not have a significant relationship with the intention to buy halal packaged food (Yunus et al., 2014).

Previous studies have suggested that religiosity factors affect the consumption of halal food (Billah et al., 2020). This study's findings are consistent with previous research, which states that religiosity, halal labelling, and halal awareness have a positive effect on purchasing decisions for food products (Mahendri et al., 2020). Meanwhile, other studies show that higher levels of religiosity cannot strengthen the influence of awareness on purchasing decisions (Anggraini & Dewanti, 2020).

The results of previous research suggest that subjective norms have a positive effect in predicting the intention to choose halal products (Mukhtar & Butt, 2012). The findings in this study are consistent with previous research, which states that subjective norms positively influence the intention to buy halal food (Billah et al., 2020). Meanwhile, other research suggests that subjective norms have an insignificant influence on respondents' attitudes towards halal food outlets (Khalek, 2014).

This research aims to build on previous studies by focusing on halal food consumption preferences in Bali, particularly in areas with a minority Muslim population, and incorporating Islamic economics, microeconomics, and marketing management perspectives to enrich the understanding of consumer behaviour.

## Literature Review

### Theory of Consumer Behavior

In this case, consumers will behave according to the number of goods and services they want (Frisdiantara, 2012). Consumer behaviour refers to how consumers allocate income to consume goods and services to achieve maximum satisfaction (Frisdiantara, 2012). Consumer behaviour explains how consumers allocate their income to consume goods and services in order to obtain maximum satisfaction (Rasul, 2013). Meanwhile, another opinion defines consumer behaviour as the study of how humans choose between their various choices by utilizing their resources (Nasution, 2006).

### Demand Theory

Demand is the goods or services consumers demand from a firm at different price levels (Rasul, 2013). Demand reflects the relationship between Price and desired quantity. Another definition explains that Demand is the goods or services consumers desire at various price levels in a certain period (Muhammad, 2016). Demand reflects the relationship between the desired quantity of goods or services and Price. This shows that Demand is influenced by Price. When Demand in the market increases, the Price of goods also increases. Vice versa, if the Demand for goods decreases, the Price of goods will also decrease. In other words, demand theory explains the relationship between quantity demanded and Price.

### Consumption Theory

Consumption is also defined as Demand that not only absorbs income but also provides essential incentives for its own economic activities (Muhammad, 2016). Consumption is the human activity of using or using goods or services to meet needs and achieve maximum satisfaction from the combination of goods or

services used (Fitria & Ajeng, 2018). Consumption is defined as the activity of using goods and services to meet life's needs. Every human being carries out The act of consumption to obtain the highest possible satisfaction and achieve a level of prosperity, namely so that all their needs can be met. In general, the higher a person's consumption level, the more likely the consumer is to have sufficient income to fulfil basic needs and enjoy additional goods and services that improve the quality of life. Higher consumption usually reflects excellent financial capability and is considered a sign of prosperity. Consumption theory studies how a consumer chooses goods and services and the amount to consume (Fitria & Ajeng, 2018). A consumer is willing to spend several goods and services because of the background of the use value that provides satisfaction.

### **Consumer Preference Theory**

Consumer preference can mean preference, choice or something that consumers prefer. This preference is formed from consumer perceptions of the product. A person can always make or rank all situations and conditions ranging from the most preferred to the least preferred. Consumer preferences show preferences from a wide selection of existing service products (Kotler, 2000). Preferences are consumer attitudes towards products and services, which evaluate a person's cognitive traits, emotional feelings, and tendencies to act through objects or ideas (Kotler, 2000). Consumer preferences reflect individual preferences or choices for products and services, which are formed from perceptions and evaluations of these products. These preferences involve consumer attitudes, cognitive evaluations, emotional feelings, and tendencies to act regarding specific products or ideas.

Several factors influence purchasing decisions and consumer behaviour towards halal food products, namely (Sungkar, 2010), religiosity, halal awareness of products, consumer confidence and trust in halal logos/labels, increasing consumer income levels, subjective norms the higher the level of education, the less limited access to consumer information, increasing Demand for convenience goods (less time to prepare & consume), increasing concerns about health and nutritional value. The factors that influence halal food consumption preferences are endless and can be very diverse. There are many factors that influence halal food consumption preferences, including (Yevis, 2010) the level of consumer income of consumers, the Price of consumer goods, tastes, fashion (trend/style), the influence of the physical environment and the social environment of the store, the development of the population.

### **Theory of Planned Behavior (TPB)**

TPB is a social psychological theory that describes a person's intention to influence the decision to perform a behaviour (Ajzen, 1991). Theory of Planned Behavior (TPB) is a social psychological theory that emphasizes the role of intention in influencing a person's decision to perform a behaviour. TPB consists of three main dimensions that influence a person's intention, namely (Ajzen, 1991), attitudes, subjective norms and behavioural control.

### **Methods**

This study uses a quantitative approach with an associative design to analyze the relationship between Price, taste, halal labelling, religiosity and subjective norms—a type of associative research. The data used are secondary data and primary data. The sample analyzed was 390 respondents using a questionnaire instrument. The location of this research is in Bali Province, precisely in Bangli Regency, Klungkung Regency, and Karangasem Regency. This research was conducted within 2 months, namely September to November 2024. The data were analyzed using the Partial Least Square (PLS) Analysis method by testing the measurement of outer and structural or inner models. The stages of analysis include validity, namely convergent validity and discriminant validity. Reliability testing is done in two ways: with Cronbach's alpha and composite reliability. Furthermore, it is done by testing the hypothesis.

### **Research Results and Discussion**

#### **Muslim Minority District Profile**

Klungkung Regency, in Bali, Indonesia, is located between 115°21'28" East - 115°37'43" East and 8°27'37" LS - 8°49'00" LS, bordered by Bangli, Karangasem, Gianyar, and the Indian Ocean. It comprises four sub-districts: Klungkung, Banjarangkan, Dawan, and Nusa Penida. The area is dominated by hills (100-500 meters above sea level), with a tropical wet and dry climate. Some rivers lead to the Badung Strait and the Indonesian Ocean. The district has 53 villages and 6 sub-districts and is led by a Regent. According to BPS 2023, 129.864 people are employed, with the main sectors being agriculture and trade, and the majority working as labourers/employees (Badan et al., 2024).

Bangli Regency, without coast, is located in Bali between 115°13'43" - 115°27'24" East and 8°8'30" - 8°31'07" LS, with an altitude of 0-1,000 m above sea level. It covers 520.81 km<sup>2</sup> and is bordered by Buleleng, Karangasem, Klungkung, Gianyar, and Badung. The southern region is lowland, and the north is mountainous, with Puncak Penulisan as the highest point. The climate is influenced by the mountains, which have high rainfall. Bangli is divided into 4 sub-districts. In 2023, the working population was 171.097, with the largest sector of labourers/employees (48.690 people), followed by family workers (36.405 people) and small businesses (35.555 people) (Statistics Indonesia, 2024).

Karangasem Regency, located at the eastern tip of Bali, has an area of 839,54 km<sup>2</sup> and consists of 8 sub-districts. The area varies from coastal to mountainous, with Mount Agung as the highest peak. In 2023, the working population reached 321.506 people, with the most significant sector being labourers/employees (101.592 people), followed by family workers (71.205 people) and small businesses (83.429 people). The agricultural sector dominates, with more men working in this sector and more women in family work (Statistics Indonesia, 2024).

## Data Analysis

### 1. Measurement Model Test or Outer Model

#### a. Validity test (Convergent Validity)

An individually reflective measure is considered high if it correlates more than 0.70 with the construct to be measured. The test results show that the outer loading values for all indicators of variables X1, X2, X3, X4, X5, and Y exceed 0.70, which indicates that the data can be considered valid with a reflective measure..

#### b. Validity Test (Discriminant Validity)

If the AVE (square of average variance extracted) value is more than 0.50, the model is said to have good convergent validity.

**Table 5. Validity Test (Discriminant Validity)**

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Price (X1)	0.851	0.876	0.899	0.691
Taste (X2)	0.858	0.864	0.898	0.638
Halal Labeling (X3)	0.856	0.865	0.896	0.635
Religusitas (X4)	0.682	0.699	0.823	0.609
Subjective Norm (X5)	0.838	0.852	0.890	0.670
Consumer Preferences (Y)	0.858	0.860	0.903	0.701

Source: Primary data processed by *SmartPLS-4* (2024).

An AVE value  $\geq 0.5$  indicates that the construct has good convergent validity.

### c. Reliability Test

In this measurement, if the value achieved by *Composite Reliability* is more significant than 0.70, the construct can be *reliable*. The instrument used in the variable is said to be reliable if it has a *Cronbach Alpha* of more than 0.60.

**Table 6. Reliability Test**

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
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Source: Primary data processed by *SmartPLS-4* (2024).

*Composite Reliability* value is more than 0.70 and *Cronbach's Alpha* is more than 0.60 for each variable, indicating that all variables are reliable.

## 2. Structural Model or Inner Model

### a. Model Fit

Model fit testing examines the *Standardized Root Mean Square Residual* (SRMR). RMR value  $< 0.08$  and NFI  $> 0.90$ .

**Table 7. Model Fit**

	<b>Saturated Model</b>	<b>Estimated Model</b>
SRMR	0.063	0.063
d_ULS	1.291	1.291
d_G	0.528	0.528
Chi-Square	1210.737	1210.737
NFI	0.787	0.787

Source: Primary data processed by *SmartPLS-4* (2024).

Based on the above test results, the recorded NFI of 0.787 is lower than 0.90, indicating the potential to improve the model fit further.

### b. PLS Inner Model Assumptions (VIF)

In PLS-SEM, the *Variance Inflation Factor* (VIF) is tested from the predictor variables. A VIF value of  $< 5$  means no *collinearity* between constructs. Based on the VIF test results, there is no significant collinearity problem between the predictor variables in the model. All recorded VIF values are below the threshold of 5, which indicates that the model is



free from multicollinearity that could affect the accuracy of the regression coefficient estimates. Therefore, this model can be considered stable and reliable for further analysis.

c. *R-Square*

(*R-Square*) helps predict and see how much influence variable X contributes simultaneously (together) to variable Y. If the value of  $R^2 = 0.75 \rightarrow$  *substantial* (large/strong). If the  $R^2 = 0.50 \rightarrow$  *moderate* (medium). If the  $R^2 = 0.25 \rightarrow$  *weak* (small).

Table 8. *R-Square*

	<b>R Square</b>	<b>R Square Adjusted</b>
Consumer Preferences (Y)	0.541	0.535

Source: Primary data processed by *SmartPLS-4* (2024).

Based on the test results above, the Adjusted R-Square value is 0.535, so the regression model is moderate. The test results show that the exogenous variables explain 53% of the variation in variable Y (consumer preference). This shows that the regression model moderately influences the variables of price, taste, halal labeling, religiosity, and subjective norms on consumer preferences. Meanwhile, the remaining 47% is influenced by other factors not examined in this study.

d. Estimate for Path Coefficient / Significance

This test uses the *bootstrapping* method to test the significance of the influence between constructs by observing the parameter coefficient value and t-statistic. *The Path Coefficient* has a range of values between -1 and 1.

Table 9. Estimate for Path Coefficient / Significance

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
Price (X1) -> Consumer Preference (Y)	0.038	0.039	0.039	0.964	0.335
Taste (X2) -> Consumer Preference (Y)	0.218	0.220	0.050	4.386	0.000
Halal Labeling (X3) -> Consumer Preference (Y)	0.343	0.346	0.054	6.289	0.000
Religiusitas (X4) -> Consumer Preference (Y)	0.140	0.137	0.042	3.319	0.001
Subjective Norm (X5) -> Consumer Preference (Y)	0.153	0.151	0.041	3.687	0.000

Source: Primary data processed by *SmartPLS-4* (2024).

The regression equation obtained through the *SmartPLS* method is as follows:

$$Y = 0.038X_1 + 0.218X_2 + 0.343X_3 + 0.140X_4 + 0.153X_5 + \epsilon$$

The simple regression equation obtained is as follows:

1. The coefficient for X1 (Price) shows that with every one unit increase in Price, consumer needs (Y) will increase by 0.038, assuming other variables remain constant.
2. The coefficient for X2 (Taste) shows that consumer tastes have a positive influence, namely 0.218 and an increase of 0.218, assuming other variables remain constant.
3. The coefficient for X3 (Halal Labeling) shows a positive relationship, namely 0.343, which increases by 0.343 assuming other variables remain constant.
4. The coefficient for X4 (Religiosity) shows that religiosity has a positive influence of 0.140 and increases by 0.140 assuming other variables remain constant.
5. The coefficient for X5 (Subjective Norms) shows that social norms or expectations from others have a positive influence of 0.153. and increased by 0.153, assuming other variables remain constant.

#### *Q-square*

The Q-square value is used to determine how well the model and its parameter estimates produce the observation values. A Q-square value greater than 0 ( $>0$ ) indicates the model's predictive relevance. The criteria are 0 = low, 0.25 = moderate, and 0.50 = high.

**Table 10. Q-Square**

	S	SSE	Q <sup>2</sup> (=1-SSE/SSO)
Price (X1)	1560.000	1560.000	
Taste (X2)	1950.000	1950.000	
Halal Labeling (X3)	1950.000	1950.000	
Religiusitas (X4)	1170.000	1170.000	
Subjective Norm (X5)	1560.000	1560.000	
Consumer Preferences (Y)	1560.000	982.068	0.370

Source: Primary data processed by *SmartPLS-4* (2024).

The test results show that Consumer Preference (Y) is 0.370, indicating that the model has a moderate influence in predicting consumer preferences.

#### e. *F-Square*

The *F-Square* test assesses the goodness of the model by measuring the contribution of predictor variables to variations in endogenous variables. The *F-Square* value is interpreted as 0.02 = small effect, 0.15 = medium effect, and 0.35 = large effect.

Based on the *output* results, the price *F-Square* value of 0.002  $<0.02$  indicates a minimal effect of the price variable on consumer preferences. Based on the interpretation of the *F-Square* value, the contribution of Price to variations in consumer preferences can be considered insignificant.

Based on the *output* results obtained, the *F-Square* value of taste is 0.053  $<0.15$ , indicating a moderate influence of the taste variable on consumer preferences.

Based on the *output* results obtained, the *F-Square* value of halal labelling is  $0.108 < 0.15$ , indicating a moderate influence of halal labelling on consumer preferences. Halal labelling's contribution to consumer preferences can be considered moderate.

Based on the results of the *output* obtained, the *F-Square* value of religiosity of  $0.007 < 0.02$  shows a minimal effect of religiosity on consumer preferences. The contribution of religiosity to consumer preferences can be considered insignificant.

Based on the *output* results obtained, the *F-Square* value of subjective norms of  $0.028 < 0.15$  shows the slight influence of subjective norms on consumer preferences.

#### f. GoF PLS (*Goodness of Fit PLS*)

The GoF test validates the combined performance of the measurement model (*outer model*) and the structural model (*inner model*). Interpretation  $0 - 0.25 =$  small GoF,  $0.25 - 0.36 =$  moderate GoF, and  $0.36 - 1 =$  large GoF.

$$\text{GoF} = \sqrt{\text{Average AVE} \times \text{Average R Square}}$$

$$= 0.59264988602 \text{ rounded to } \mathbf{0.593}$$

The GoF value of 0.593, within the range of  $0.36 - 1$ , indicates an enormous combined performance of the measurement and structural models, indicating that the overall model has a perfect and robust fit.

### Research Hypothesis Testing

The criteria for acceptance/rejection of the hypothesis is  $H_a$  is accepted, and  $H_0$  is rejected when the t-statistic  $> 1.96$ . To reject or accept the hypothesis using probability,  $H_a$  is accepted if the *p-value*  $< 0.05$ .

Table 11. Research Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Price (X1) -> Consumer Preference (Y)	0.038	0.039	0.039	0.964	0.335
Taste (X2) -> Consumer Preference (Y)	0.218	0.220	0.050	4.386	0.000
Halal Labeling (X3) -> Consumer Preference (Y)	0.343	0.346	0.054	6.289	0.000
Religiusitas (X4) -> Consumer Preference (Y)	0.140	0.137	0.042	3.319	0.001
Subjective Norm (X5) -> Consumer Preference (Y)	0.153	0.151	0.041	3.687	0.000

Source: Primary data processed by *SmartPLS-4* (2024).

Based on the results of the *output* obtained from the price variable (X1), namely the t-statistic value of  $1.96 < 0.964$  and *p-value*  $0.05 > 0.325$ , it shows that the effect of Price on Muslim consumer preferences in consuming halal food in minority Muslim communities in Bali Province is not significant.

Based on the results of the *output* obtained from the taste variable (X2), namely the t-statistic value of  $1.96 > 4.386$  and *p-value*  $0.05 < 0.000$ , it shows that the effect of taste on Muslim consumer preferences in consuming halal food in minority Muslim communities in Bali Province is very significant. The taste variable has a solid and significant influence on consumer preferences.

Based on the results of the *output* obtained from the halal labelling variable (X3), namely the t-statistic value of  $1.96 > 6.289$  and *p-value*  $0.05 < 0.000$ , it shows that halal labelling has a very significant influence on Muslim consumer preferences in consuming halal food in the minority Muslim communities in Bali Province.

Based on the results of the *output* obtained from the religiosity variable (X4), the t-statistic value is  $1.96 > 3.319$ , and the *p-value* is  $0.05 < 0.001$ , which indicates that religiosity has a very significant effect on Muslim consumer preferences in consuming halal food in minority Muslim communities in Bali Province statistically.

Based on the *output* results obtained from the subjective norm variable (X5), namely the t-statistic value, which is more significant than  $1.96 > 3.687$  and *p-value*  $0.05 < 0.000$ , it shows that subjective norms have a very significant influence on Muslim consumer preferences in consuming halal food in minority Muslim communities in Bali Province.

## Discussion

### The Effect of Price on Muslim Consumer Preferences in Eating Halal Food in Minority Muslim Communities in Bali Province

Price does not significantly affect Muslim consumers' preference for halal food in Bali. Although Price is usually an important factor, Muslim consumers in minority areas prioritize accessibility, quality, and halalness of food over Price. Most consumers prioritize halalness and conformity with Islamic teachings, even if the Price is slightly more expensive. Consumers prioritize halal food because they believe keeping food halal is part of their religious obligations. The results of the study on the price variable by Muslim respondents in Bali were not in line with the assumptions based on the theoretical concepts of Consumer Behavior (Frisdiantara, 2012), Demand Theory (Rasul, 2013), Islamic Consumption (Muhammad, 2006) and Consumer Preference Theory (Yevis, 2010). In Islam, Price is one of the rational factors. This study's results align with previous research, which shows that Price does not affect purchasing preferences (Hartmann et al., 2017). This study's results align with previous research stating that Price is unimportant to consumers (Alqudsi, 2014).

### The Influence of Taste on Muslim Consumer Preferences in Eating Halal Food in Minority Muslim Communities in Bali Province

Taste has a significant influence on halal food consumption preferences. Consumers prefer halal food by considering personal desires regarding taste and compatibility with individual consumer preferences, which are influenced by local culture and customs. Consumer taste plays an important role in halal food preferences in Bali, with many choosing chicken or vegetable-based dishes due to familiar flavors and confidence in the halalness of the ingredients. Despite being halal, foods with rare ingredients or preparations are often avoided. In addition, cleanliness and hygiene are also important factors, as consumers prefer clean and well-managed establishments to ensure that food is tasty, safe, and healthy. The study's results on taste variables by Muslim respondents in Bali align with assumptions based on the theoretical concepts of Consumer Behavior (Frisdiantara, 2012) and Consumer Preference Theory (Yevis, 2010). In Islamic consumption, tastes remain relevant but are limited by halal-thayyib values. Preferences become a description of the combination of goods and services that are most satisfying and according to individual

tastes. This study's results align with previous research showing that taste is a strong predictor of individual food choices (Nguyen et al., 2015). The findings in this study are consistent with previous research, which states that women's tastes are significantly more likely to purchase food (Piester et al., 2020).

### **The Effect of Halal Labeling on Muslim Consumer Preferences in Eating Halal Food in Minority Muslim Communities in Bali Province**

Halal labeling has a significant influence on halal food consumption preferences. Halal labeling is a key driver of preference as Muslim consumers in Bali rely heavily on halal certification to ensure the halalness of products. Halal labeling is a significant factor in consuming halal food because the label ensures that the product complies with Islamic religious standards. Most consumers revealed that halal labeling provides a sense of confidence and makes it easier to find halal products in a predominantly non-Muslim environment. Halal labeling is the leading benchmark for Muslim consumers in determining a product or food that halal standards can trust. The study results on the halal labeling variable by Muslim respondents in Bali align with assumptions based on the theoretical concepts of Consumer Behavior (Frisdiantara, 2012), Consumption Preferences (Sungkar, 2010), and Consumer Trust Theory. Trust in the halal label is the primary mechanism in ensuring products comply with Islamic law. This study's results align with previous research showing that 62% of consumers place the appeal of halal logos and certificates as the top priority in buying halal meat products (Alqudsi, 2014). The findings in this study are consistent with previous research, which states that the halal logo significantly influences halal food consumption behavior (Billah et al., 2020).

### **The Effect of Religiusitas on Muslim Consumer Preferences in Eating Halal Food in Minority Muslim Communities in Bali Province**

Religiosity has a significant influence on halal food consumption preferences. This finding indicates that for minority Muslim consumers in Bali, religiosity is a factor in the decision to consume halal food. Religious consumers are more likely to choose halal products despite facing accessibility challenges. However, the majority of the Balinese population is Hindu. This happens because Muslims in Bali feel it is important to ensure that the food consumed is according to the teachings of Islam, especially in choosing halal food ingredients. Religiosity is the leading guide in ensuring that food does not contain haram ingredients. The study results on religiosity variables by Muslim respondents in Bali align with assumptions based on the theoretical concepts of Consumer Behavior (Frisdiantara, 2012), Consumption Preferences (Sungkar, 2010), and Consumer Trust Theory. Religiosity encourages consumption behavior by sharia principles. This study's results align with previous research showing that religiosity factors affect halal food consumption (Billah et al., 2020). The findings in this study are consistent with previous research, which states that religiosity, halal labeling, and halal awareness positively affect purchasing decisions for food products (Mahendri et al., 2020).

### **The Influence of Subjective Norms on Muslim Consumer Preferences in Eating Halal Food in Minority Muslim Communities in Bali Province**

Subjective norms have a significant influence on halal food consumption preferences. Social pressure from the community and family increases the preference for halal food, especially to maintain Islamic identity in a non-Muslim majority environment. Subjective norms, including views and social pressure from the surrounding environment, play a significant role in choosing halal food. Although the number of Muslims in Bangli, Klungkung, and Karangasem is relatively tiny, interfaith harmony is still well-established. The community highly values mutual respect, creating a harmonious environment without gaps between religious groups. Religion is not a barrier to living in harmony; people respect each other and maintain balance and harmony. The study results on subjective norm variables by Muslim respondents in Bali align with assumptions based on theoretical concepts using the Planned Behaviour Theory (TPB) approach (Ajzen, 1991). The results of this study are in line with previous research, which shows that subjective norms have a positive effect in predicting the intention to choose halal products (Mukhtar & Butt, 2012). The findings in this study are consistent with previous research, which states that subjective norms positively influence the intention to buy halal food (Billah et al., 2020).

## Conclusions and Suggestions

### Conclusions

Based on the test results that have been carried out, it can be concluded that:

1. Price is not a significant factor for Muslim consumers in minority communities; halal and spiritual beliefs are prioritized.
2. Taste is important, as consumers choose halal food that suits local flavors and culture.
3. Trust in halal labeling is crucial, especially in areas with limited information on product halalness.
4. Religiosity remains a key driver in halal food consumption, with high levels of religiosity in minority communities in Bali.
5. Subjective norms from family and community also influence halal consumption preferences.
6. The limited accessibility of halal food forces consumers to rely on local communities and halal labels.

### Suggestions

#### 1. For the Government

##### ❖ Strengthening Halal Regulations and Infrastructure:

- a. Increase the accessibility of halal products in remote areas by building distribution networks.
- b. Extend the deadline for halal certification for MSMEs until 2026 and provide incentives.
- c. Develop educational programs on the importance of halal consumption.
- d. The concept of Muslim-friendly tourism in Bali should be developed by respecting local culture.

##### ❖ Supervision of Halal Certification:

- a. Simplify halal certification procedures for MSMEs.
- b. Consistently enforce halal regulations and provide education for the public and business actors.

#### 2. For the Industry

##### ❖ Trust-Based Marketing Strategy:

- a. Focus on halal labeling to increase consumer confidence in minority communities.

- b. Provide halal products that suit local tastes and support MSMEs in the halal food sector.

❖ Distribution and Logistics:

Improve distribution and logistics to ensure halal products are easily accessible in minority communities.

### 3. For the Community

❖ Increasing Halal Awareness:

- a. Encourage consumers to be more selective when choosing halal products by utilizing the halal label.
- b. Community-based education on the halal-tayyib concept.

❖ Community Empowerment:

- a. Establish halal cooperatives in Muslim communities to provide halal products collectively.
- b. Community support to access more affordable and trusted halal products.

❖ The Active Role of the Consumer:

Consumers can request more halal options from local businesses and report product halal violations.

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