

The Influence of Islamic Branding and Price Bundling Towards Purchasing Loyalty of Sharia Culinary: Mediating Role of Customer Satisfaction

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ABSTRACT

The government targets Indonesia as the center of the world's halal industry. Sharia trends in various sectors create a potential market opportunity. However, only a few culinary producers have implemented indicators of strategic success comprehensively. However, the intensity of purchasing Sharia culinary products is still high. This study aims to determine the effect of Islamic branding and price bundling on purchasing the loyalty of Sharia culinary products with consumer satisfaction as mediation. A quantitative descriptive approach used in this research with the Non-Probability Sampling technique. The number of samples used was 120 respondents through purposive sampling. Obtaining data comes from questionnaires, direct observation, and other publication media. Data analysis was processed using SEM-PLS with coefficient tests in Outer models, Inner models, and indirect effect tests. The results showed that Islamic branding and price bundling did not positively affect purchase loyalty. Meanwhile, the satisfaction variable mediates Islamic branding on purchase loyalty. However, satisfaction can only partially mediate price bundling variable on purchase loyalty. There is presumably due to the need for more effective strategy implementation, consumer dynamism, primary needs, and other external factors.

Keywords: Customer satisfaction, purchase loyalty, Sharia culinary, Islamic branding, price bundling

1. INTRODUCTION

Indonesia's economic growth has been relatively rapid in the post-pandemic era. Quoted from BPS, Indonesia's economic growth in the first quarter of 2022 has increased, marked by a gross domestic product (GDP) income of 5.1% Yoy or 2,819 trillion from 2021. This growth is inseparable from entrepreneurs taking advantage of opportunities for increasing Indonesia's population as a potential target. The population, awareness of consumption patterns and according to Sharia, and demand for Sharia products influence Sharia trends in various industrial sectors. There is directly proportional to the awareness of the Muslim community to prioritize halal standards and guarantees for the products they consume. Sharia sector is the second priority development after the agricultural sector (Bank Indonesia 2022). Halal product assurance (JPH) in various sectors are essential. These are intended to guarantee the halalness and safety of the products they consume. However, nowadays, we often hear about irregularities in the Sharia culinary sector, both from the operational sector of businessman or the regulatory sector (Sukoco et al. 2021). As one of the largest countries providing halal food, Indonesia needs to build consumer confidence with its halal guarantee. Therefore, the government is updating policies and regulations regarding the protection of guarantees for halal products' in UU Ciptaker 2020.

Studying consumer behavior is an aspect of the main points that must be understood by businessman when they want to offer their products to the market. Consumer behavior is individuals, groups, or organizations studies and their process of selecting, choosing, using, and evaluating a product or service to satisfy consumer needs (Daryanto 2014). The

consumer behavior approach generally has two benefits: developing and evaluating marketing strategies to influence purchases without changing pre-purchase attitudes.

Building purchase loyalty ongoing basis is an exciting discussion for business actors in achieving competitive advantage. This discussion is reinforced by the results of various studies, such as research (Siregar 2019) stating that product quality, brand image, and consumer satisfaction affect loyalty. In addition, research (Sambodo Rio Sasongko 2021) states that all service quality indicators positively affect satisfaction. Increasing the satisfaction factor, it will also increase the consumer loyalty factor. Other research conducted (Erawati, 2020) argues that loyalty is influenced by price, image, convenience, service, and satisfaction as variables that dominate purchase loyalty.

Currently branding is not limited to the identity or name of a product; more than that, Branding can be categorized as a process, strategy, or business value attached to a product. Islamic Branding is an identity attached to a product by showing a name, symbol, or characteristic as a differentiator from other products under the elements of Islamic law (Nasrullah 2015). In addition, business owners need to attract consumers' purchase interest with the Price Bundling strategy, which sells two or more different products in one price package (Tellis n.d.). In addition, consumers will also be happy with businessman who try to provide a sense of satisfaction to their consumers. Satisfaction is feeling consumers feel from satisfaction to disappointment that arises after comparing product performance with Kotler consumer expectations (Kotler 2004). Therefore, the distribution of satisfaction values to consumers was intended to maintain quality and build loyalty to consumer confidence in the products offered. The results obtained can later be used as a reference for developing consumer satisfaction strategies to prevent perception gaps that cause ineffective consumer development strategies (Tirtayasa, Lubis, and Khair 2021).

Ponorogo is one of the districts in East Java with an inherent level of culture and religiosity in its people. However, awareness of halal certification or a written guarantee of the halalness of a product is quite limited. This phenomenon is an excellent opportunity for business people who want to seize opportunities in the Muslim consumer market in this area. Therefore, business people need to study the behavior of Muslim consumers and offer Sharia products that suit the needs and wants of the targeted consumer segment.

2. LITERATURE REVIEW

Definition of Consumer Behavior

Consumer behavior is a key aspect that must be understood by companies when they want to offer their products to the market. According to Kotler, consumer behavior is a study of individuals or groups of organizations and the processes by which they select, use and dispose of products, ideas, and services to satisfy consumer needs and the impact of these processes on consumers and society (Daryanto, 2014). In general, the consumer behavior approach has two benefits, to develop and evaluate marketing strategies. This is used as a development strategy to influence purchases without changing pre-purchase attitudes.

Based on the explanation of Peter & Olson (1996), consumer behavior management model can be defined as a marketing program development model based on the general stages of buying behavior which aims to increase the occurrence of types of consumer behavior to achieve marketing goals.

Definition of Purchase Loyalty

Kotler and Keller, (2016) define loyalty as "*A deeply held commitment to rebuy or patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential cause of switching behavior*". Loyalty is a commitment held to buy or reuse a preferred product in the future despite situational influences and marketing actions that cause consumers to switch. Meanwhile, according to Griffin, loyalty is more associated with behavior than attitude. If a consumer is loyal, then the consumer will exhibit purchasing behavior which is defined as a *non-random purchase* that that's disclosed from time to time (Griffin, 2002). loyalty means allegiance to an object. This loyalty arises in a person, not because of coercion or pressure from other parties, but rather an attitude of self-awareness that arises as a result of an experience or feeling that is felt.

In determining the level of loyalty, Kotler & Keller indicates several indicators, they are (Priskila, 2016) a) Repeat Purchase, Loyalty in purchasing a product, b) Retention, Defending against the influence of negative company issues. c) Referrals, recommend the existence of the company to other parties.

Definition of Islamic Branding

The definition of Islamic branding according to Nasrullah is the use of names related to Islam or indicating the halal identity of a product. Islamic branding is a term full of meaning, differentiator, and policy. Meanwhile, according to Alserhan in Nonie and Detri definition of Islamic Branding has many dimensions of meaning and used as a sharia identity for a product (Nonie, 2020).¹ Based on this definition, *Islamic Branding* means a marketing concept that reflects Islamic principles in a product to attract Muslim customers both in terms of behavior and the implementation of marketing communications.

Islamic Branding must refer to Islamic marketing where business people are guided to promote noble morals that are in line with the marketing efforts being carried out. In this aspect, business people need to pay attention to several things such as products, pricing, promotion strategies, prohibited places, and times. However, innovation or improvisational strategies by business people are not prohibited by Islamic law as long as they do not commit certain irregularities.

Price Bundling

The bundling strategy is a marketing strategy that combines the sale of two or more product units in one component of the offering price. Reisinger argues that "product bundling refers to the practice of selling two or more goods together in a package at a price which is below the sum of the independent prices" (Markus Reisinger, 2004). Price Bundling is a marketing strategy that groups several products in one package and then sells them with one price offering component. This strategy is considered mutually beneficial because consumers can benefit from discounted prices, while businesses can save on marketing costs for the products offered.

Stremersch & Tellis, the bundling strategy is divided into two key dimensions, a) Bundling Focus, is a bundling strategy that focuses on product bundling and price bundling. Product bundling is a strategy of selling two or more products at one price, and price bundling is a strategy to sell two or more different products in one price package. b) Bundling form, is a bundling strategy that focuses on pure bundling and mixed bundling. Pure bundling is a product bundling offering strategy to consumers by offering to purchase products that have been packaged. Meanwhile, mixed bundling is a product bundling offering strategy with offers in packages or separately.

Definition of Satisfaction

Post-consumption behavior has a large impact on the assessment of a product. This behavior arises as a result of post-consumption evaluations that lead to a feeling of satisfaction or dissatisfaction. Kotler & Keller, defines consumer satisfaction as a feeling felt by consumers either in the form of a sense of pleasure, or dissatisfaction arising from comparing products with the expectations of these consumers. Meanwhile, Tjiptono in Anastasia, defines satisfaction as a response to an evaluation of the perceived discrepancy between expectations and the actual performance of the product that is felt post-consumption

3. METHODOLOGY

This research is field research with a quantitative descriptive approach. This study was conducted in a sharia culinary destination. This business is franchising fast food restaurants that have expanded their business units in the East Java and Central Java regions. The total sample is 120 people, determined through purposive sampling. Sources of data in this study come from primary and secondary data. Furthermore, the data processing used SEM-PLS software. Data analysis using SEM-PLS has better flexibility. So, researchers get the relationship between theory and the desired data.

4. EMPIRICAL RESULTS

The structural model tries to see the relationship between constructs, significance value and R^2 from the research model. We can see the structural model framework used in the research below:

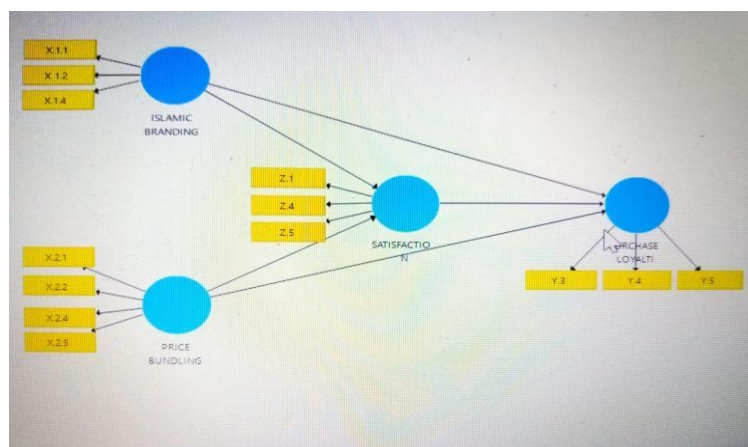


Figure 1: Structural Model

Based on the picture above, it can be concluded that the variable indicators used have outer loading values > 0.7, namely X1.1, X1.2, X1.4, X2.1, X2.2, X2.4, X2.5, Z1, Z4, Z5, Y3, Y4 and Y5. Some indicators that do not meet the requirements have been eliminated because they are considered invalid.

4.1 Outer Model

a. Convergent Validity Test

The convergent validity test aims to determine the validity of each relationship between construct indicators or latent variables. The AVE test is used to determine the accuracy of the validity variance caused by measurement errors. The results of the loading factor values and the AVE test was presented below:

Table 2: Loading Factor

Original Sample (O)			
Variables	Loading Factor	Variable s	Loading Factor
X1.1	0.783	Y.3	0.824
X1.2	0.807	Y.4	0.813
X1.4	0.755	Y.5	0.713
X2.1	0.76	Z. 1	0.759
X2.2	0.722	Z. 4	0.762
X2.4	0.784	Z. 5	0.808
X2.5	0.746		

Table 3: AVE Test

Variables	Average Variance Extracted (AVE)
Islamic Branding	0.612
Price Bundling	0.603
Satisfaction	0.617
Purchase Loyalty	0.568

Based on the results, the output of all variables is declared valid in each test. It has achieved convergent validity, which indicates that each indicator can explain the variable well.

b. Discriminant Validity Test

Discriminant validity test was used to determine the measurement accuracy of each latent model in carrying out its measurement function. The test results were presented in the following table:

Table 4: Discriminant Validity Test Results

Indicators	Islamic Branding	Satisfaction	Purchase Loyalty	Price Bundling
X.1.2	0.807	0.45	0.073	0.593
X.1.1	0.783	0.416	0.207	0.542
X.1.4	0.755	0.39	0.099	0.596
X.2.1	0.498	0.425	0.236	0.76
X.2.2	0.613	0.368	0.117	0.722
X.2.4	0.564	0.399	0.206	0.784
X.2.5	0.56	0.348	0.152	0.746
Y.3	0.184	0.482	0.824	0.308
Y.4	0.117	0.427	0.813	0.174
Y.5	0.058	0.302	0.713	0.027
Z.1	0.433	0.759	0.422	0.393
Z.4	0.37	0.762	0.322	0.348
Z.5	0.438	0.808	0.466	0.446

Based on the table above, the results of the cross loading values show that all values are valid as evidenced by the variable values used > 0.7 . This shows that every manifest on every construct can measure that construct.

c. Reliability Test

The reliability test aims to measure the level of consistency of the questionnaire as an indicator of the variables used. The Composite Reliability Test has an internal consistency measurement of ≥ 0.6 . The results of the reliable test are presented in the table below:

Table 5: R-Square Value

Variables	Composite Reliability	Average Variance Extracted (AVE)
Islamic Branding	0.825	0.612
Satisfaction	0.82	0.603
Purchase Loyalty	0.828	0.617
Price Bundling	0.84	0.568

Based on the table above, it can be concluded that the measurement of internal consistency is appropriate and reliable. This is indicated by all composite test values > 0.6 .

4.2 Inner Model

Inner model was used to evaluate the hypothesized relationships in the structural model. The results at the inner model test stage are presented below:

Table 6: Direct Effect Test

Variables	Original Sample (O)	T Statistics (O/STDEV)	p Values
Islamic Branding (Ib) -> Satisfaction (Cs)	0.344	3,373	0.001
Islamic Branding (Ib) -> Purchase Loyalty (Pl)	-0.238	1,597	0.111
Satisfaction(Cs) -> Purchase Loyalty (Pl)	0.598	5,148	0.000
Price Bundling (Pb) -> Satisfaction (Cs)	0.261	2,324	0.021
Price Bundling (Pb) -> Purchase Loyalty (Pl)	0.109	0.780	0.436

Table 7: R- Square Value

Variables	R Square
SATISFACTION	0.319
PURCHASE LOYALTY	0.303

Table 8: F-Square Value

Connection	<i>f</i> square	Criteria
IB -> CS	0.079	strong
IB -> PL	0.034	Moderate
CS -> PL	0.35	strong
PB -> CS	0.046	strong
PB -> PL	0.007	weak

Q-Square Value

$$Q^2 = 1 - (1 - R^2_1)(1 - R^2_2)$$

$$Q^2 = 1 - (0.681)(0.857)$$

$$Q^2 = 1 - 0.583$$

$$Q^2 = 0.147$$

$$Q^2 = 14.7\%$$

GoF Index

$$\text{AVE Average} : (0.612 + 0.603 + 0.617 + 0.568) / 4 = 0.6$$

$$\text{R2 average} : (0.319 + 0.303) / 2 = 0.31$$

$$\text{GoF} = \sqrt{0.6 \times 0.311}$$

$$\text{GoF} = 0.37$$

Based on the results of the inner model test conducted, it can be concluded that Islamic branding and price bundling do not positively affect loyalty to purchase sharia. It is suspected factors Islamic branding applied by the organization tends not to dominate, so the branding that impresses the minds of consumers needs to be stronger. The bundling package offering strategy is limited and not in line with consumer desires, so it is suspected that it has not been the cause of increased purchase loyalty. However, the satisfaction variable has a positive effect on purchase loyalty. In addition, external factors outside the research variables are thought to cause the emergence of loyalty to the sharia culinary. Similar research results have also been carried out by (Hafiz 2017), (Kim et al. 2019), and (Feng Wei 2021).

4.3 Indirect Effect Test

Table 9: Indirect Effect Test Results

Variables	Original Sample (O)	T Statistics (O/STDEV)	P Values
Islamic Branding ->Purchase Loyalty -> Satisfaction	0.206	2,817	0.005
Price Bundling -> Purchase Loyalty -> Satisfaction	0.156	1,905	0.057

Based on the table above, the researcher concludes that the variables of customer satisfaction in the form of good product quality, satisfying service, and convenience of location and layout of outlets are likely to mediate Islamic branding variables on purchase loyalty. Therefore, if the Islamic Branding strategy is more effective in the organization, purchase loyalty will increase indirectly through the satisfaction variable. This statement is reinforced by previous research (Rashed Hasan et al., 2018).

Furthermore, satisfaction has yet to mediate purchase loyalty significantly. This is allegedly limited supply, less the effectiveness of crossing product items, as well as the selective behavior of consumers. As for the factor of satisfaction with product quality, it is considered to affect purchases but does not significantly affect purchase loyalty. Similar research results have been carried out by (Yeu-Shiang Huang, Jyh-Wen Ho, 2022).

5. CONCLUSION

The current study aims to investigate the influence of Islamic branding and price bundling on customer loyalty mediated by customer satisfaction in sharia culinary sectors. Among all hypotheses, only one hypothesis is accepted. The hypothesis shows how customer satisfaction mediates the influence of Islamic branding on customer loyalty. Such indirect effect shows the significant role of customer satisfaction in explaining the contribution of Islamic branding to customer loyalty. Future studies can take into account other mediators to get deeper understanding the effect of Islamic branding and price bundling on customer loyalty in sharia culinary sectors.

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