AL-I'lam Journal of Contemporary Islamic Communication and Media
eISSN: 2785-8839

UNIVERSITI SAINS ISLAM MALAYSIA
ISLAMIC SCIENCE UNIVERSITY OF MALAYSIA

Persuasive Communication in Selling Sharia-based Product in Indonesia During Covid-19: A Cognitive Dissonance Perspective

Andi Tirta Kurniawan*, Oktaviana Purnamasari**

*Master of Communication, Faculty of Social and Political Sciences, Universitas Muhammadiyah Jakarta
E-mail: atirta@yahoo.com

**Corresponding author, Communication Department, Faculty of Social and Political Sciences, Universitas Muhammadiyah Jakarta
E-mail: oktaviana.purnamasari@umj.ac.id

ABSTRACT

The Indonesian Financial Services Authority (OJK) reported that by the end of 2020, the market share of sharia-based assets in the non-bank financial industry was only 4.61 percent of the total assets in this sector. Sales agents serve as intermediaries, referring potential customers to financing companies and earning a commission in return. This study examines the persuasive communication activities employed by sales agents when reaching out to Muslim potential customers during the COVID-19 pandemic through the lens of Cognitive Dissonance Theory. Potential customers might encounter cognitive dissonance, an unbalanced psychological state, when they perceive contradictions or inconsistencies in the sales agents' communication. This can affect their purchasing decisions and loyalty towards a particular product or service. This research, which adopted a qualitative case study approach, is anchored in three interconnected concepts: personal selling, persuasive communication, and cognitive dissonance. In-depth interviews with sales agents were the primary data collection method. Findings reveal that sales agents predominantly focus on the commercial benefits over sharia principles in their messaging. Differences were observed in the utilization of persuasive communication by customers or agents in selling Sharia-based products during periods other than the COVID-19 pandemic, such as in the years before 2020. The spread of COVID-19 starting in 2020 directly impacted sales activities due to stricter credit approval procedures and the need for agents to adjust communication methods to minimize transmission risks. Furthermore, cognitive dissonance stemming from sharia principles was found to be less significant for potential customers compared to other commercial concerns.

Keywords: *cognitive dissonance; covid-19; persuasive communication; sharia-based product; personal selling.*

INTRODUCTION

Indonesia has one of the largest Muslim populations in the world, with around 231 million Muslims making up 86.7% of its total population. However, sharia-compliant personal loan products that truly align with Islamic values still have a small market share compared to conventional products. According to the Indonesian Financial Services Authority, sharia-based assets accounted for only 4.61% of the total assets in the non-bank financial industry at the end of 2020, despite Muslims being the majority in Indonesia. Most finance companies utilize sales agents to market their products, including Sharia-compliant financing, to the public. These agents refer prospective customers in exchange for sales commissions. The COVID-19 pandemic throughout 2021 restricted mobility, posing unique challenges for agents to communicate with prospective customers. Finance companies also implemented stricter credit approval procedures to anticipate an increase in the company's bad debts, as many potential customers and/or consumers experienced business declines and reduced economic capacity. This situation posed significant challenges for agents marketing financing products, including Islamic financing products. Agents needed to adjust their communication methods to minimize the risks of COVID-19 transmission and to address the increasing need for funds among customers. During the spread of the COVID-19 virus in 2021, especially with the Delta variant and the large-scale implementation of the Enforcement of Restrictions on Community Activities policy in many regions in Indonesia, these adjustments were crucial.

Sales agents commonly offer financing products in the form of cash loans by engaging in persuasive communication activities that build trust and highlight the benefits of the loans. They address potential customers' needs and concerns, explaining how the financing products can solve their financial problems. Agents provide detailed information about the product features, approval processes, and repayment terms, ensuring customers understand the benefits and feel confident in applying for a loan. Effective persuasive communication involves understanding the customer's perspective, tailoring messages to their specific situations, and providing reassurance about the safety and legitimacy of the financing options.

Based on the concept of persuasive communication according to Perloff (2017), sharia financing product agents go through four stages of persuasive communication in selling their products or services:

1. Message Understanding: This stage explores how the message conveyed by the agent can be understood by potential consumers and forms an image in their minds.
2. Message Encoding: This stage involves how agents translate their thoughts and ideas into messages that can be easily understood by potential consumers.

3. Message Decoding: This stage examines how the agent receives, deciphers, and understands messages conveyed by potential consumers during interactions, including overcoming disturbances during the interaction process.
4. Evaluate the Message: This stage focuses on how the agent evaluates the messages conveyed and received during interactions with potential consumers and resolves differences found in the evaluation process.

Cognitive Dissonance focuses on altering an individual's cognition to achieve equilibrium between attitudes and behaviors. Using this theory, persuasive communication techniques employed by agents during the 2021 pandemic can be identified, as potential customers may experience cognitive dissonance from conflicting cognitions when speaking to agents. The cognitive elements causing dissonance include knowledge, beliefs about the environment, and self-concepts or behaviors. Essentially, prospective customers aim for consonance. Perceived beliefs and actions causing imbalance or dissonance require modifying beliefs, actions, and perceptions to reduce dissonance. This is where agents need to persuade in order to reduce customer dissonance.

LITERATURE REVIEW

Persuasive Communication

Persuasive communication is a fundamental aspect of human interaction, encompassing various strategies and techniques aimed at influencing attitudes, behaviors, and decisions. It involves the deliberate effort to sway individuals' opinions or actions through the use of compelling arguments, emotional appeals, and tailored messages (Setyawati et al., 2021). Research has delved into the psychology behind persuasion, exploring factors such as message matching, credibility, emotional appeals, and the impact of different message structures on persuasiveness (Joyal-Desmarais et al., 2018). Moreover, persuasive communication extends beyond mere information dissemination, seeking to create resonance and foster buy-in by leveraging emotional appeal and crafting compelling narratives (Rahmi, 2023). Studies have highlighted the significance of persuasive communication in diverse fields such as marketing, health communication, political campaigning, and social psychology (Braca & Dondio, 2022). The effectiveness of persuasive communication lies in its ability to adapt messages to match the characteristics, needs, concerns, and preferences of the target audience, thereby enhancing motivation and compliance with the persuasive requests (Wang et al., 2019). Overall, persuasive communication is a multifaceted process that involves understanding the audience, tailoring messages to their specific needs, and utilizing various strategies to enhance persuasiveness.

Cognitive Dissonance

Cognitive dissonance is a significant factor in understanding the behavior and experiences of individuals in various service-related contexts. For example, in the field of technology adoption, cognitive dissonance has been examined among smart home users to understand how individuals reconcile differences between their pre-service expectations and post-service perceptions of product performance (Marikyan et al. 2020). This underscores the importance of cognitive dissonance in influencing user experiences and decision-making processes in technology-related services. Furthermore, cognitive dissonance theory has been utilized in the hospitality and tourism sector to elucidate emotional labor and its effects on organizational commitment and turnover intentions (Lee & Madera, 2019). The theory posits that surface acting, a type of emotional labor, can lead to emotional dissonance over time, impacting employees' attitudes and behaviors towards their work environment. This illustrates how cognitive dissonance shapes employee performance and organizational outcomes in service industries.

Additionally, cognitive dissonance theory has been associated with customer behaviors in omnichannel retail settings, where customers may experience dissonance due to conflicting information received through different channels (Lin et al., 2022). This underscores the role of cognitive dissonance in shaping customer perceptions and loyalty in the retail sector, highlighting the importance of consistency in service delivery across channels. Regarding customer participation in service co-development, cognitive dissonance has been linked to role stress, suggesting that reduced cognitive effort and creativity may result from customer involvement in service processes (Blut et al., 2019). This indicates that cognitive dissonance can arise not only from individual decision-making but also from customer engagement in service co-creation activities. Furthermore, cognitive dissonance has been studied in the foodservice industry, where cultures with high uncertainty avoidance may provide crucial feedback on service quality to alleviate post-purchase cognitive dissonance (Yu, 2024). This demonstrates how cultural factors can impact the experience of cognitive dissonance in service encounters, influencing customer feedback and satisfaction.

According to Simons (1976 in Hendri et al., 2019), there are three discrepancies that can cause cognitive dissonance, which are: (1) attitude and behavior discrepancies, where a person experiences discrepancy (gap) of attitude and behavior because in performing an action is based on certain intentions. (2) Source proposition mismatch, where this condition is caused by the suggestion of authority or pressure on members of the opposition group. Another cause is (3) the pressure of group members, or the discrepancies caused by the knowledge stored in cognition. attitude component discrepancies, which are inconsistencies between two attitudes, beliefs, or values related to others. Festinger emphasizes that attitude change does not automatically follow

various experiences of cognitive dissonance. Humans can manage their lives with some dissonance, for example, shown by a shift in attitude.

RESEARCH METHODOLOGY

This research employs a descriptive approach using a qualitative case study method, as advocated by Creswell. The case study method is valuable for conducting in-depth investigations into complex issues or phenomena within their real-life contexts, allowing researchers to explore multifaceted aspects of a subject and provide a comprehensive understanding of the topic under study (Harjo et al., 2022). The research object in this study is the sales agents of Sharia financing products. An agent is an individual who offers financing products to potential customers on a freelance basis. Agents are usually recruited through websites or directly by marketing personnel from finance companies. If a credit application from a potential customer is approved, the agent receives incentives such as monetary rewards, point-rewards, cash bonus, or tour packages. Sources of information were obtained from three research subjects in accordance with the concrete situation found in the field. The informants are agents of finance companies who have offered or sold Sharia financing products to the public. These sources were selected using a purposeful sampling technique tailored to the research objectives. Purposeful sampling involves selecting informants who are knowledgeable about the topic under study. In this study, agents with minimum one year of experience selling Sharia financing products were selected. Additionally, agents were chosen based on whether their potential customers primarily came from online (internet) or offline (walk-in) sources.

Data collection utilized direct interview techniques focusing on questions about the processes (how) and reasons (why) behind actions. The interview process involves communication or interaction to collect information through questions and answers between researchers and informants. The primary data collection method was in-depth interviews with sales agents. Source triangulation was conducted by interviewing experts in Sharia financing products to ensure the validity of the information provided by the informants and the actual situation in the field.

The data analysis technique employed the Miles and Huberman analysis model. Miles and Huberman view qualitative data analysis as a continuous and iterative process involving data collection, data reduction, data presentation, and conclusion drawing/verification. This approach is widely applied in various research studies across different fields, allowing for comprehensive qualitative data analysis. Researchers have used this technique to explore topics ranging from financial strategies during a pandemic to the development of creative thinking skills in students. The versatility and effectiveness of the Miles and Huberman model enable researchers to derive meaningful conclusions from their research findings. In this research, the author conducted interviews with two informants as part of source triangulation testing: a Sharia Business

Unit Officer responsible for organizing and monitoring the company's sharia financing policies and providing reports to the Sharia Supervisory Board, and a Head of Sales of Sharia Financing Products at one of the finance companies. This approach ensures a thorough examination of the persuasive communication activities carried out by sales agents of Sharia financing products with potential customers.

FINDINGS AND DISCUSSIONS

From the research results using the Cognitive Dissonance approach, it was identified that prospective customers of sharia financing product services experienced a total of 36 cases of cognitive dissonance during persuasive communication activities carried out by agents. Out of these 36 cases, only 3 cases were related to sharia principles, based on the agents' experiences. The remaining 33 cases of cognitive dissonance, despite occurring during the sales activities of sharia financing product services, were found to be related to non-sharia principles rather than sharia principles.

Table 1. The Cases of Dissonance Cognitive Related to Sharia Principles

Number	Dissonance Cognitive Case	How Sales Agents Reduce Cognitive Dissonance with Persuasive Communication
1	Muslim prospective customers were doubtful whether the loan or financing product was a Sharia or conventional product.	The sales agent explained that the offered loan or financing product is Sharia-based and suitable for Muslim customers.
2	Muslim prospective customers were doubtful whether the Sharia contract being used is based on Sharia law, like Sharia bank.	The sales agent explained that the contract that is being used is Sharia-based and shows the proof (i.e., Ba'i wal Ijarah Muntahiyyah Bit Tamlik).
3	Muslim prospective customers were doubtful whether the monthly installment amount from a Sharia product would be more expensive than other non-sharia products.	The sales agent explained that the installment amount for Sharia products is the same as with other non-sharia products and can even be better, depending on the program.

Besides 3 cases of cognitive dissonance related to Sharia principles above, the remaining 33 cases were predominantly associated with loan process and commercial aspects rather than Sharia principles. These non-Sharia-related dissonance cases included issues such as document requirements, the speed of the approval process, the amount of money customers could receive, and other procedural or financial concerns. These findings suggest that while Sharia principles are a factor in some instances of cognitive dissonance, most of the dissonance experienced by potential customers arises from practical, commercial considerations during the sales process of sharia financing product services.

Table 2. The 10 Sample Cases of Dissonance Cognitive (Non-Sharia Principles)

Number	Dissonance Cognitive Case	How Sales Agents Reduce Cognitive Dissonance with Persuasive Communication
1	Prospective customers were doubtful about the wording of advertisements in promotions seen on websites or banners.	The sales agent displayed messages in advertising that attracted the curiosity of prospective customers and made them want to get in touch with the sales agent to learn more.
2	Prospective customers were doubtful whether this financing product could solve their financial problems or needs.	The sales agent explained that financing products is the best way to solve their financial problems because of the speed of the funding process.
3	Prospective customers were doubtful whether they had come to the right person (sales agent) for their funding needs.	Sales agents explained about their experience in assisting customers from the beginning application process to the disbursement of funds.
4	Prospective customers were doubtful about their ability to fulfill the company's (funding provider) requirements.	The sales agent explained that the requirement would be simple and encouraged the prospective customer to fulfill it.
5	Prospective customers were doubtful about the identity of agents from the websites or banners on the streets.	The sales agent identified himself as an authorized sales agent of an OJK-registered and supervised financial company.
6	Prospective customers were doubtful whether the sales agent would ask for money or commission from the received funds later.	The sales agent convinced the prospective customer that he would not ask for any commission from the received funds later.
7	Prospective customers were doubtful about the legitimacy of the finance company referred by the agent.	Sales agents explained about the company profile and status which is registered and supervised by OJK.
8	Prospective customers were uncertain about the type and age of the vehicle that could be accepted by the finance company.	The sales agent explained the type and age of the vehicle that can be accepted, for example, 10 years until the end of the loan period
9	Prospective customers were doubtful whether they would get the maximum disbursement amount of money.	The sales agent explained that the disbursement amount depends on the final decision from the finance company and the agent only provides the possible disbursement simulation.
10	Prospective customers were doubtful whether the approval process would be fast or take a long time.	The sales agent explained that the normal process usually takes around 1 to 2 days, and he will monitor closely on the process.

In carrying out personal selling activities, agents prepare themselves to face all possibilities that may occur during the communication process with potential consumers. Where the agent tries to answer every question or overcome the doubts of potential consumers before the sales process can be realized. Agents who still take a conventional approach or have not used internet technology, with agents who have used

internet technology and have a wider reach, have different approaches in persuading potential consumers, which are identified in each personal selling activity: prospecting, pre-approaching, approach, presentation, handling objections, closing the sale and follow-up. Persuasive communication activities that occur in the agent's interaction with potential consumers begin with the stage of understanding the message which is processed through a series of processes in the minds of the agent and potential consumers. Then through the message encoding and decoding stages, where the messages are mutually translated and described into verbal and non-verbal stimuli so that the messages can be more easily understood by each other. Next, potential consumers will evaluate the messages received from the agent, and if there are differences, they will be resolved or minimized by providing an understanding of the message or forming an image in the minds of potential consumers. Basically, every prospective consumer met by an agent experiences cognitive dissonance at various stages of the process, from the initial stage to the final stage. Therefore, agents need to reduce this dissonance to ensure that the prospective consumer's application process can continue until completion and that the consumer can receive the disbursement of their funds. Conversely, if the dissonance experienced by potential consumers cannot be reduced by the agent, it could cause the consumers to be unwilling to continue with the financing application process.

CONCLUSIONS AND IMPLICATIONS

The research findings revealed that sales agents emphasized commercial aspects over Sharia principles in their persuasive communication. Prospective customers perceived the dissonance caused by Sharia principles as less significant than that caused by other aspects present in conventional financing. Both sales agents and prospects rarely demonstrated a deep understanding of the Sharia principles underlying Sharia-compliant products. Cognitive dissonance begins with an inconsistency between actions and beliefs. In the early stages, sales agents attempted to identify the inconsistency between the actions and beliefs of prospective customers. Interactions with agents may then increase the customer's cognitive dissonance. At this point, agents attempt to change the customer's beliefs, actions, or perceptions to reduce the dissonance. In personal selling, questions and doubts are addressed before a sale is finalized, and agents use a variety of persuasive approaches. Some rely on traditional methods, while others take advantage of the greater reach of Internet technology. However, each customer is likely to experience dissonance at each stage, which agents must mitigate in order to move the sale forward.

Based on the research findings, it is clear that agents should continue to improve their knowledge of Sharia finance through training, given Indonesia's significant potential in this area. Companies should improve the competitiveness of their Shariah products compared to conventional products, focusing on speed, ease, installments

and disbursements. Training agents on Sharia principles beyond the commercial aspects and appropriate persuasive communication models for selling to Muslim customers is essential. The research also highlights the need for a structured approach to persuasive communication in face-to-face selling that includes stages of message comprehension, encoding and decoding, and message evaluation. Effective communication models should include improvements in promotional materials, clear and compelling product explanations, and professional agent presentations. The ability of agents to fluently explain product knowledge and determine the right time to approach customers is critical to successful sales outcomes.

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