

# Empowering Indonesia's Halal Cosmetics: Strategies for Industry Development

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## ABSTRACT

The halal cosmetics industry is experiencing significant growth and increasing consumer demand for products that meet halal standards. With the majority of Indonesia's population being Muslim, Indonesia has great potential to become a global leader in the production of halal cosmetics. Meanwhile, existing research primarily focuses on consumer behaviour in the halal cosmetics market. This study aims to formulate strategies to accelerate Indonesia's halal cosmetics industry. Literature studies from various scientific sources relevant to the research objectives are analysed using the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis framework. The results showed that five strategies could be implemented to accelerate the halal cosmetics industry in Indonesia, including 1) Clarifying regulations, standardisation, and policies; 2) Developing and empowering the halal cosmetics industry; 3) Performing product differentiation and marketing; 4) Developing human resources; and 5) Increasing public literacy. With the implementation of appropriate strategies, Indonesia's halal cosmetics industry is expected to accelerate significantly in the next few years.

**Keywords:** development strategy, global market, halal cosmetics, Indonesia, SWOT analysis.

## INTRODUCTION

In recent decades, the halal industry has become one of the most attractive sectors for marketers.<sup>1</sup> The halal industry is related to the effort to produce a product (goods and services) by the provisions of Islam (sharia). Currently, the halal industry continues to grow because it is triggered by the development of the halal concept from food to non-food fields.<sup>2</sup> In Law No. 33 of 2014 concerning Halal Product Guarantee, it is explained that products that are guaranteed halal are goods and services related to food, beverages, medicines, cosmetics, chemical products, biological products, genetically modified products, as well as goods used, used, or utilized by the public that have been declared halal by Islamic law. Ab Thalib et al. emphasised that for Muslims, consuming halal products is not a

<sup>1</sup> Aiedah Abdul Khalek and Sharifah Hayaati Syed Ismail, "Why Are We Eating Halal - Using the Theory of Planned Behaviour in Predicting Halal Food Consumption among Generation Y in Malaysia," *International Journal of Social Science and Humanity* 5, no. 7 (2015): 608-612.

<sup>2</sup> Sukoso et al., "Ekosistem Industri Halal" (Jakarta: Bank Indonesia, 2020).

choice but an obligation.<sup>3</sup> The increasing understanding of religious obligations has made the demand for halal products experience the fastest growth in the world market.

Based on the State of the Global Islamic Economy Report 2023, in 2022, the consumption level of the world's Muslim community reached USD 2.29 trillion, which was absorbed in the food, finance, pharmaceutical, cosmetic, fashion, travel, and media/recreation sectors. In addition, indicators of Indonesia's sharia economy or halal industry continue to improve. Indonesia managed to become the third in the world. Indonesia is the largest halal product market in the world, supported by its Muslim population of 240.6 million in 2023.<sup>4</sup> Domestic spending on halal products and services reached USD 184 billion in 2020 and is projected to increase to USD 281.6 billion by 2025.<sup>5</sup> The growing Muslim population makes the halal market a market with a large capacity to meet the needs of halal products for Muslims.<sup>6</sup>

The concept of halal is not only limited to food but has expanded to several other products, such as cosmetics.<sup>7</sup> Halal cosmetics became one of the growing industries and successfully penetrated the market for all companies around the world.<sup>8</sup> In 2022, Muslim spending on cosmetics reached USD 84 billion and is expected to reach USD 129 billion by 2027.<sup>9</sup> It shows that halal cosmetics offer high-quality products even though the issue of halal is a religious practice.<sup>10</sup> Sales of halal cosmetics are growing faster in East Asia than in any other regional market. Driven by Indonesia, ranging from startup companies to large corporations.<sup>11</sup> The number of cosmetics manufacturers in Indonesia that are MUI halal certified is increasing. Until mid-2022, there were 204 companies, with the number of halal cosmetic products reaching 21,422. However, this number is

<sup>3</sup> Ab Talib, Mohamed Syazwan, Li Li Pang, and Abdul Hafaz Ngah. "The Role of Government in Promoting Halal Logistics: A Systematic Literature Review." *Journal of Islamic Marketing* 12, no. 9 (2020): 1682–1708.

<sup>4</sup> RISSC, "The Muslim 500 : The World's 500 Most Influential Muslims 2024" (Dabuq: RISSC, 2023).

<sup>5</sup> DinarStandard, Indonesia Halal Lifestyle Center, and Bank Indonesia, "Indonesia Halal Markets Report 2021/2022," 2021.

<sup>6</sup> Fatya Alty Amalia, Adila Sosianika, and Dwi Suhartanto, "Indonesian Millennials' Halal Food Purchasing: Merely a Habit?," *British Food Journal* 122, no. 4 (January 1, 2020): 1185–98, <https://doi.org/10.1108/BFJ-10-2019-0748>.

<sup>7</sup> Abdul Hafaz Ngah et al., "Halal Transportation Adoption among Pharmaceuticals and Comestics Manufacturers," *Journal of Islamic Marketing* 11, no. 6 (October 24, 2020): 1619–39, <https://doi.org/10.1108/JIMA-10-2018-0193>.

<sup>8</sup> Raihan Mohd Isa et al., "Determinants of Consumer Adoption of Halal Cosmetics: A Systematic Literature Review," *Journal of Cosmetic Dermatology* 22, no. 3 (March 1, 2023): 752–62, <https://doi.org/10.1111/jocd.15486>.

<sup>9</sup> DinarStandard, "State of the Global Islamic Economy Report 2023" (Dubai: DinarStandard, 2023).

<sup>10</sup> Fatin N.M. Nordin et al., "A Systematic Review on the Skin Whitening Products and Their Ingredients for Safety, Health Risk, and the Halal Status," *Journal of Cosmetic Dermatology* 20, no. 4 (April 1, 2021): 1050–60, <https://doi.org/10.1111/jocd.13691>.

<sup>11</sup> DinarStandard, "State of the Global Islamic Economy Report 2022," 2022.

still relatively small compared to the total number of cosmetic companies in Indonesia.<sup>12</sup>

In 2021, the contribution of cosmetic products from Indonesia was still relatively small in the global market, amounting to USD 784 million or 0.56 per cent of the total global market value. Meanwhile, the import value is significant, reaching USD 1.13 billion in 2020.<sup>13</sup> In the State of the Global Islamic Economy Report 2023, Indonesia is in fifth position in the halal pharmaceutical and cosmetic sector. The low ranking of the halal cosmetics sector is a motivation to research further halal cosmetics.<sup>14</sup> Based on Muslim consumer spending on cosmetics, Indonesia ranks second in the world, reaching USD 4.7 billion in 2021.<sup>15</sup> It shows market potential and promising business prospects for cosmetics manufacturers in Indonesia.<sup>16</sup> The enormous potential of the halal cosmetics market, both domestically and abroad, can be utilized as well as possible by cosmetic business actors. Sugibayashi et al. stated that halal cosmetics is relatively new compared to halal food research, so it is still in their infancy.<sup>17</sup> Halal cosmetics market research can be conducted in Indonesia because Indonesia has the largest Muslim population and a sizeable middle class, so it is a vast potential market for halal cosmetics.<sup>18</sup>

It is necessary to formulate appropriate strategies to improve the competitiveness of the halal cosmetics industry in Indonesia. Several systematic literature reviews have been conducted to evaluate the research gap in halal cosmetics and skincare.<sup>19</sup> Ali et al. stated that research on the halal cosmetics industry is still in its infancy and only focuses on halal consumer behaviour, so it needs to be more comprehensive.<sup>20</sup> As clarified by Herjanto et al. behavioural theories (theory of planned behaviour [TPB], theory of reasoned action [TRA],

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<sup>12</sup> LPPOM MUI, "LPPOM MUI Halal Directory 2022-2023," 2023.

<sup>13</sup> LPPOM MUI.

<sup>14</sup> Wisudanto et al., "The Motivating Factors for Switching Intention to Use Halal Cosmetics in Indonesia," *Journal of Islamic Accounting and Business Research*, 2023, <https://doi.org/10.1108/JIABR-08-2022-0220>.

<sup>15</sup> DinarStandard, "State of the Global Islamic Economy Report 2022."

<sup>16</sup> Mohammad Iqbal Irfany, Yusniar Khairunnisa, and Marco Tieman, "Factors Influencing Muslim Generation Z Consumers' Purchase Intention of Environmentally Friendly Halal Cosmetic Products," *Journal of Islamic Marketing*, 2023, <https://doi.org/10.1108/JIMA-07-2022-0202>.

<sup>17</sup> Sugibayashi, Kenji, Eddy Yusuf, Hiroaki Todo, Sabrina Dahlizar, Pajaree Sakdiset, Florencio Jr Arce, and Gerard Lee See. "Halal Cosmetics: A Review on Ingredients, Production, and Testing Methods." *Cosmetics* 6, no. 3 (September 1, 2019).

<sup>18</sup> Muniaty Aisyah, "Consumer Demand on Halal Cosmetics and Personal Care Products in Indonesia," *Al-Iqtishad: Journal of Islamic Economics* 9, no. 1 (December 13, 2017), <https://doi.org/10.15408/aiq.v9i1.1867>.

<sup>19</sup> Adlin Masood, Sri Rahayu Hijrah Hati, and Alina Abdul Rahim, "Halal Cosmetics Industry for Sustainable Development: A Systematic Literature Review," *International Journal of Business and Society* 24, no. 1 (April 11, 2023): 141–63, <https://doi.org/10.33736/ijbs.5609.2023>.

<sup>20</sup> Ali, Saqib, Fairol Halim, and Norzieiriani Bt Ahmad. "The State of Halal Cosmetic Research on Consumer Behaviour: A Systematic Review of the Literature and Future Research Directions." *Journal of Marketing Management and Consumer Behaviour* 1 (2016): 40–51

motivation theory, goal-directed behaviour, and the stimuli-organism-reaction framework) are the most frequently used theories in the study of halal cosmetics.<sup>21</sup> Therefore, the author analyzes strategies to accelerate the halal cosmetics industry in Indonesia using the SWOT (Strengths, Weaknesses, Opportunities, and Threats) approach to fill the gap. Through SWOT analysis, the author will identify the strengths, weaknesses, opportunities, and threats in the halal cosmetics industry in Indonesia, and formulate relevant strategies for the development of this sector. This article is expected to be a strategic reference for industry players and stakeholders in formulating policies and measures that support sustainable growth.

## METHODS

The author uses a qualitative method with a literature study approach. Literature study is a method used to find or support the search for answers to research questions. Literature studies in a study are in the research results section.<sup>22</sup> In this study, the author collected data from scientific articles, books, reports, and other sources relevant to the research. This method was chosen because it allows the author to gain an in-depth understanding of the halal cosmetics industry in Indonesia without having to collect primary data. Information collected includes market trends, consumer preferences, regulations, and other information related to the halal cosmetics industry in Indonesia.

Data analysis was carried out using SWOT analysis tools. SWOT is a policy analysis based on strengths, weaknesses, opportunities, and threats, so that it can be a trigger in improving the performance of an organisation to achieve effective and efficient goals.<sup>23</sup> The author can understand the key factors affecting Indonesia's halal cosmetics industry through SWOT analysis. Criteria for identifying strengths, weaknesses, opportunities, and threats are compiled by referring to literature relevant to the research context. Strength and weakness factors are identified based on internal factors of the halal cosmetics industry, such as regulations, MUI fatwa, BPOM regulations, government programs, industry/company growth, Indonesia's natural resources, import value, number of halal cosmetics companies, technological advances, human resources, and various policies related to the Indonesian halal cosmetics industry. At the same time opportunities and threats are based on external factors, such as the population, the value of cosmetics consumption, the number of transactions in e-commerce, the development of KIH, import and export of cosmetics, the

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<sup>21</sup> Herjanto, Halimin, Muslim Amin, and Mulyani Karmagatri. "A Systematic Review on Halal Cosmetic Consumption: Application of Theory Method Context -Attributes Decision Outcome Framework." *Journal of Islamic Accounting and Business Research* 14, no. 1 (January 2, 2023): 58-79.

<sup>22</sup> Azharsyah Ibrahim, *Metodologi Penelitian Ekonomi Dan Bisnis Islam* (Jakarta: Bumi Aksara, 2023).

<sup>23</sup> Saiful Sagala, *Manajemen Strategik Dalam Peningkatan Mutu Pendidikan* (Bandung: Alfabeta, 2013).

sensitivity of halal issues, the control of large companies, global halal cosmetics standards and Indonesia's role in it, and environmentally friendly issues.

Furthermore, the TOWS matrix will provide four alternative strategies to develop Indonesia's halal cosmetics industry. First, the SO (Strengths-Opportunities) strategy uses strengths to obtain opportunities created by the external environment. Second is the WO (Weaknesses-Opportunities) strategy, in which the company's weaknesses can be minimised by taking advantage of available external opportunities. Third, the ST (Strengths-Threats) strategy uses strengths to overcome threats from the surrounding environment. Finally, the WT (Weaknesses-Threats) strategy is to face and reduce the impact of external threats and minimise risks.<sup>24</sup> The four sets of alternative strategies are then classified into strategic steps that can be implemented to develop Indonesia's halal cosmetics industry.

## RESULT AND DISCUSSION

### Internal Analysis of the Indonesian Halal Cosmetics Industry

This section presents an explanation of the internal factors, including strengths and weaknesses, that affect the Indonesian halal cosmetics industry.

#### *Strengths*

The halal issue has become a state matter. Since the issuance of Law No. 33 of 2014 concerning Halal Product Guarantee (UU-JPH) and Government Regulations (PP) No. 31 of 2019 concerning Implementation Regulations for UU-JPH, halal guarantees for food, beverages, medicines, cosmetics, and other products that were initially only regulated in the book of fiqh are now regulated in laws and government regulations. That way, the guarantee of halal products is not only the responsibility of individuals and scholars but also the responsibility of the government, which the Ministry of Religion mandates through the Halal Product Guarantee Organizing Agency (BPJPH).<sup>25</sup> The establishment of BPJPH aims to maintain the commodification aspect of the halal project.<sup>26</sup> The government also plays a role in building public awareness of the halalness of a product, such as the halal certificate from the Indonesian Ulema Council (MUI) and supervision from the Food and Drug Supervisory Agency (BPOM), in which there is an element of guarantee that the product is halal.<sup>27</sup> PP No. 39 of 2021 states that all medicinal products, cosmetics, and used goods must be halal certified by October 17, 2026, for the second stage. The regulation is

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<sup>24</sup> G M Ravanavar and P M Charantimath, "Strategic Formulation Using Tows Matrix - A Case Study," *International Journal of Research and Development* 1, no. 1 (2012): 87-90.

<sup>25</sup> Sukoso et al., "Ekosistem Industri Halal."

<sup>26</sup> Syafiq Hasyim, *The Halal Project in Indonesia: Shariatization, Minority Rights and Commodification*, 2022, <http://bookshop.iseas.edu.sg>.

<sup>27</sup> Tanti Handriana et al., "Purchase Behaviour of Millennial Female Generation on Halal Cosmetic Products," *Journal of Islamic Marketing* 12, no. 7 (2020): 1295-1315, <https://doi.org/10.1108/JIMA-11-2019-0235>.

helpful for producers as a guide in, processing, producing, marketing, and making halal product information to consumers.<sup>28</sup>

According to Muslim beliefs, it is mandatory to consume halal and tayyib products as written in the Quran Surah Al-Baqarah verse 168. This halal concept is not limited to food but applies to several other product categories, including cosmetics.<sup>29</sup> Tayyib is also regulated by several regulations, such as Law No. 36 of 2009 concerning health. The regulation explains that business actors are prohibited from providing and distributing cosmetics containing harmful ingredients. Likewise, in the Regulation of the Indonesian Minister of Health No. 03 of 2013 concerning the Cosmetics Production License, it is stated that the cosmetics industry is not allowed to make cosmetics using ingredients that are prohibited by statutory provisions.<sup>30</sup> In addition, there are also several MUI Fatwas that provide rules related to cosmetics:

1. MUI Fatwa December 16, 2000, concerning the Determination of Halal Products.
2. MUI Fatwa No. 30 of 2011 concerning the Use of Halal Animal Placenta for Cosmetics and External Medicine.
3. MUI Fatwa No. 47 of 2012 concerning the Use of Fur, Hair, and Horns from Non-Shar'i Slaughtered Halal Animals for Food, Drugs, and Cosmetics.
4. MUI Fatwa No. 26 of 2013 concerning Halal Standards for Cosmetic Products and Their Use.
5. MUI Fatwa No. 27 of 2013 on using Shellac as Food, Medicine, and Cosmetic Ingredients.
6. MUI Fatwa No. 47 of 2018 on the Use of Gold Particles in Cosmetic Products for Men.
7. National Deliberation No. 2/MUNAS VI/MUI/2000 on Using Human Organs, Ari-ari, and Urine for Medicinal and Cosmetic Purposes.

BPOM also established regulations, standards, and procedures related to cosmetics in Indonesia, some of which are as follows:

1. PerKa.BPOM No. HK.03.1.23.08.11.07331 Year 2011 on the Method of Analysis of Cosmetics.
2. PerKa.BPOM No. 12 of 2019 on Contaminants in Cosmetics.
3. PerKa.BPOM No. 26 of 2019 on Monitoring Mechanism of Cosmetics Side Effects.
4. PerBPOM No. 31 of 2020 concerning Amendments to the Food and Drug Administration Regulation No. 25 of 2019 concerning Guidelines for Good Manufacturing Practices of Cosmetics.
5. PerBPOM No. 32 of 2021 on the Supervision of Cosmetics Advertising.
6. PerBPOM No. 33 of 2021 on Certification of Good Manufacturing Practice of Cosmetics.

<sup>28</sup> Sukoso et al., "Ekosistem Industri Halal."

<sup>29</sup> Ngah et al., "Halal Transportation Adoption among Pharmaceuticals and Comestics Manufacturers."

<sup>30</sup> Sukoso et al., "Ekosistem Industri Halal."

7. PerBPOM No. 17 of 2022 on Amendments to the Food and Drug Administration Regulation No. 23 of 2019 on Technical Requirements for Cosmetic Ingredients.
8. PerBPOM No. 12 of 2023 on the Supervision of the Manufacture and Distribution of Cosmetics.

The government has also launched the Indonesian Halal Product Industry Master Plan (MPIHI) 2023-2029 with the tagline "Halal Industry for Sustainable Economy." In the MPIHI, the halal pharmaceutical and cosmetics sector is categorised as a core halal industry. Its development program focuses on 1) Distribution and commercialization, consisting of logistics and channels (wholesale, retail, online); 2) Industry, consisting of the upstream chemical industry and downstream chemical industry; and 3) Promotion, consisting of media, exhibitions, cooperation, and zoning.<sup>31</sup> For cosmetic products, the government conducts halal assurance through two stages: 1) Control before the product is marketed with the obligation to carry out the cosmetic product notification process and (2) Control after the product is marketed by conducting periodic inspections of the place of manufacture and distribution.<sup>32</sup>

BPOM noted that the number of beauty industry companies grew from 819 in 2021 to 913 in July 2022. The increase was dominated by small and medium enterprises (SMEs), which amounted to 83%.<sup>33</sup> The cosmetics industry is labour-intensive, with a direct workforce of around 75,000 people and indirectly around 600,000 people working in salons, spas, and others.<sup>34</sup> Thus, halal cosmetic companies can create jobs for many people. In addition, Indonesia is rich in natural resources. Currently, the use of raw materials based on Indonesian herbal natural ingredients is widely developed to produce high-quality cosmetic products, such as gotu kola, ginger, aloe vera, algae, mangosteen rind, essential oils, and others.<sup>35</sup> Utilising various Indonesian herbal ingredients using nanoemulsion technology can add economic value. The discovery of nanoemulsion applications can pioneer cosmetics with nanotechnology that can increase the competitiveness of local products.<sup>36</sup>

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<sup>31</sup> KNEKS and Bappenas, "Mater Plan Industri Halal Indonesia 2023-2029" (Jakarta, October 27, 2023).

<sup>32</sup> Rahmatina Awaliah Kasri et al., "Intention to Consume Halal Pharmaceutical Products: Evidence from Indonesia," *Journal of Islamic Marketing* 14, no. 3 (February 10, 2023): 735-56, <https://doi.org/10.1108/JIMA-06-2021-0192>.

<sup>33</sup> KJPP Iskandar dan Rekan, "Laporan Pendapat Kewajaran Atas Rencana Transaksi Pembelian Tanah Dan Bangunan Gudang Milik PT Suka Sukses Sejati Oleh PT Victoria Care Indonesia Tbk," 2023.

<sup>34</sup> Fitria Rachmawati, "Potensi Ekspor Produk Kosmetik Halal," 2021.

<sup>35</sup> Muhammad Ghozali et al., "Effect of Lignin on Bio-Based/Oil-Based Polymer Blends," in *Micro and Nanolignin in Aqueous Dispersions and Polymers*, ed. Debora Puglia, Carlo Santulli, and Fabrizio Sarasini (Elsevier, 2022), 251-91, <https://doi.org/10.1016/B978-0-12-823702-1.00009-8>.

<sup>36</sup> Yenny Meliana, *Peran Teknologi Nanoemulsi Untuk Pengembangan Mutu Kosmetik Dari Herbal Asli Indonesia, Peran Teknologi Nanoemulsi Untuk Pengembangan Mutu Kosmetik Dari Herbal Asli Indonesia* (Jakarta: Penerbit BRIN, 2022), <https://doi.org/10.55981/brin.716>.

### **Weaknesses**

Regarding sales, Indonesia's cosmetics import value is still greater than its export value. Based on data from DinarStandar, Indonesia became the fifth largest cosmetics importer from member countries of the Organisation of Islamic Cooperation (OIC), reaching USD 1.34 billion in 2022.<sup>37</sup> It does not point directly to halal cosmetics transactions, but Muslim cosmetics transactions. Nonetheless, Indonesia, with its high import value, shows that cosmetic companies in Indonesia have not been able to meet the need for cosmetics that are appropriate for use by Muslims. The number of companies that have been MUI halal certified until mid-2022 has only reached 204.<sup>38</sup> Based on this data, many cosmetic companies are still not halal certified. Even though halal certification can provide added value to cosmetic products. KBRI Tokyo stated that halal certification is a game-changer for the Indonesian cosmetics industry.<sup>39</sup>

According to BPOM, the progress of the cosmetics industry can develop consistently if all industry players can keep up with the latest trends and technologies.<sup>40</sup> Technology is seen as a tool to maintain and meet the needs of halal cosmetics production.<sup>41</sup> One of the technologies that can be developed is nanotechnology. However, the application of nanomaterial-based cosmetic products is still not widely circulated in the Indonesian market because there is no specific policy from the Directorate General of Intellectual Property Rights (IPR) regarding the form of patenting nanotechnology-based products. In addition, there is still a lack of nanotechnology expert human resources in related agencies, namely the Directorate General of IPR and BPOM, who play a role in terms of assessment, standardisation, and regulation of the nanotechnology-based product certification process.<sup>42</sup>

Alam et al. stated that many new cosmetic brands enter the Indonesian market without knowing whether they have passed the qualification test.<sup>43</sup> Therefore, the government should formulate policies for halal cosmetics companies to follow strict guidelines. Guidelines to control ingredients and ban

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<sup>37</sup> DinarStandard, "State of the Global Islamic Economy Report 2023."

<sup>38</sup> LPPOM MUI, "LPPOM MUI Halal Directory 2022-2023."

<sup>39</sup> KBRI Tokyo, "Laporan Analisis Intelijen Bisnis : Produk Kosmetik (Skincare)," 2021.

<sup>40</sup> Jane Aprilyani, "Intip Tren Dan Teknologi Kosmetik Baru Di ICI 2022," October 27, 2022, <https://momsmoney.kontan.co.id/news/intip-tren-dan-teknologi-kosmetik-baru-di-ici-2022>.

<sup>41</sup> Ngah et al., "Halal Transportation Adoption among Pharmaceuticals and Comestics Manufacturers."

<sup>42</sup> E Triwulandari et al., "Hydrolysis and Condensation of Alkoxy silane for the Preparation of Hybrid Coating Based on Polyurethane/Polysiloxane-Modified Epoxy," *Polymer Science, Series B* 61, no. 2 (2019): 180-88, <https://doi.org/10.1134/S1560090419020131>.

<sup>43</sup> Alam, Azhar, and Refita Yunie Samhuri. "Halal Certification Management Procedure for Cosmetic Products in Indonesia After Government Regulation Number 31 of 2019." *El-Qist: Journal of Islamic Economics and Business (JIEB)* 11, no. 2 (November 3, 2021): 114-135.

harmful substances, cosmetic labelling, and promotional activities.<sup>44</sup> Cosmetic raw materials are still dominated by foreign origin. Data from the Ministry of Industry shows that around 70% to 80% of cosmetic raw materials still come from abroad (imports). The Indonesian Association of Cosmetics Companies (Perkosmi) and the Indonesian Association of Cosmetics Companies and Associations (PPAK) stated that the research and development (R&D) process of local ingredients and investment in the upstream cosmetics industry, especially raw materials, need to be improved to support small and medium-scale cosmetics producers in Indonesia.<sup>45</sup> In addition, no policies and programs in the form of authority/agency regulations are specifically issued to require the halal industry to use Islamic financing/financial services.<sup>46</sup> It is important because funds must come from Islamic finance to implement the end-to-end halal industrial ecosystem in developing halal products, including halal cosmetics.

### External Analysis of the Indonesian Halal Cosmetics Industry

This section presents an explanation of the external factors, including opportunities and threats, that affect the Indonesian halal cosmetics industry.

#### Opportunities

Globally, the Muslim population is projected to reach 2 billion by 2030 and 3 billion by 2060, about 30% of the global population. Muslims classified as youth and adults (aged 15-29) are also expected to reach 30% of the world's youth population by 2030.<sup>47</sup> Based on data from the Ministry of Home Affairs, the Muslim population in Indonesia reached 241.7 million as of December 2022. This figure equals 89.02% of Indonesia's population.<sup>48</sup> Indonesia is expected to enter the peak demographic bonus period around 2020-2030. It is indicated by the number of people of productive age who reach twice the number of children and elderly people. The large productive-age population has implications for the availability of labour sources, business actors, and potential consumers.<sup>49</sup>

Indonesia's cosmetics industry has shown accelerated growth in recent years. It is driven by Indonesia's large market and increasing middle-class income.<sup>50</sup> There are 52 million Indonesians in the middle-income class. The total monthly expenditure of the middle-income class reaches 1.2 to 6 million rupiahs

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<sup>44</sup> Nasreen Khan, Abdullah Sarwar, and Booij Chen Tan, "Determinants of Purchase Intention of Halal Cosmetic Products among Generation Y Consumers," *Journal of Islamic Marketing* 12, no. 8 (November 2, 2021): 1461-76, <https://doi.org/10.1108/JIMA-11-2019-0248>.

<sup>45</sup> ARISE+ Indonesia, "Menguraikan Rantai Nilai Global Dalam Industri Kosmetik Indonesia," November 8, 2022, <https://ariseplus-indonesia.org/id/kegiatan/menguraikan-rantai-nilai-global-dalam-industri-kosmetik-indonesia.html>.

<sup>46</sup> Sukoso et al., "Ekosistem Industri Halal."

<sup>47</sup> DinarStandard, "State of the Global Islamic Economy Report 2022."

<sup>48</sup> KNEKS and Bappenas, "Mater Plan Industri Halal Indonesia 2023-2029."

<sup>49</sup> BPS, "Analisis Profil Penduduk Indonesia : Mendeskripsikan Peran Penduduk Dalam Pembangunan" (BPS, June 2022).

<sup>50</sup> KBRI Tokyo, "Laporan Analisis Intelijen Bisnis : Produk Kosmetik (Skincare)," 2021.

per person.<sup>51</sup> Of course, this is one of the large market niches for developing the national halal industry.<sup>52</sup> According to data from DinarStandard, cosmetics consumption by Muslims globally is expected to reach USD 93 billion by 2025, while in Indonesia, it is expected to reach USD 7.59 billion.<sup>53</sup> In 2021, Indonesia's cosmetics consumption ranked second globally, reaching USD 4.7 billion. In the same year, the cosmetics market value in Indonesia reached USD 6.3 billion or around IDR 98 trillion.<sup>54</sup>

The Ministry of Industry estimates that Indonesia will become the fifth-largest cosmetics market in the world in the next 10-15 years.<sup>55</sup> Based on data from the Ministry of Industry, cosmetic products have become a primary need for women.<sup>56</sup> Apart from beautifying the face, women use cosmetics to increase self-confidence.<sup>57</sup> For many Muslim women who pay attention to physical appearance, consuming halal beauty products, goods, and services is important to build an identity as a pious Muslim woman.<sup>58</sup> Halal awareness strongly influences the intention of Muslim women in Indonesia to switch to halal cosmetics.<sup>59</sup> However, the halal cosmetics market segment has expanded, not only for women but for men as well.<sup>60</sup> It is triggered by an increased awareness of the importance of maintaining healthy skin Zaidan Muhammad Shidqy<sup>61</sup> and an increasing population of young professional Muslims who are increasingly religious and dynamic in nature.<sup>62</sup> Halal is a religious philosophy and ideology. By adopting halal cosmetics, consumers want to worship in terms of self-care.<sup>63</sup>

<sup>51</sup> Andrean W Finaka, "Tambah Kelas Menengah, Konstan Turunkan Kemiskinan," 2020, <https://indonesiabaik.id/infografis/tambah-kelas-menengah-konstan-turunkan-kemiskinan>.

<sup>52</sup> KNEKS and Bappenas, "Mater Plan Industri Halal Indonesia 2023-2029."

<sup>53</sup> DinarStandard, Indonesia Halal Lifestyle Center, and Bank Indonesia. "Indonesia Halal Markets Report 2021/2022," 2021.

<sup>54</sup> KJPP Iskandar dan Rekan, "Laporan Pendapat Kewajaran Atas Rencana Transaksi Pembelian Tanah Dan Bangunan Gudang Milik PT Suka Sukses Sejati Oleh PT Victoria Care Indonesia Tbk."

<sup>55</sup> LPPOM MUI, "LPPOM MUI Halal Directory 2022-2023."

<sup>56</sup> Bappenas, "Masterplan Ekonomi Syariah Indonesia 2019-2024" (Jakarta: Bappenas, 2018).

<sup>57</sup> Frideswidi Aufi and Hendy Mustiko Aji, "Halal Cosmetics and Behaviour of Muslim Women in Indonesia: The Study of Antecedents and Consequences," *Asian Journal of Islamic Management (AJIM)* 3, no. 1 (2021): 11-22, <https://doi.org/10.1108/AJIM.vol3.iss1.art2>.

<sup>58</sup> Yanwar Pribadi and Muhammad Adlin Sila, "Intertwining Beauty and Piety: Cosmetics, Beauty Treatments, and Halal Lifestyle in Urban Indonesia," *Ulumuna* 27, no. 1 (June 1, 2023): 33-64, <https://doi.org/10.20414/ujis.v27i1.588>.

<sup>59</sup> Galuh Tri Pambekti, Septy Setia Nugraha, and Rizaldi Yusfiarto, "Muslim Women Switching Intention to Halal Cosmetic: Push-Pull Mooring Model Application," *Journal of Islamic Monetary Economics and Finance* 9, no. 2 (May 31, 2023), <https://doi.org/10.21098/jime.v9i2.1633>.

<sup>60</sup> DinarStandard, "State of the Global Islamic Economy Report 2022."

<sup>61</sup> Zaidan Muhammad Shidqy, "Strategi Pengadaan Halal Pada Industri Kosmetik Halal Di Indonesia" (Bogor, Institut Pertanian Bogor, 2023).

<sup>62</sup> KNKS, "Strategi Nasional Pengembangan Industri Halal Indonesia," 2019.

<sup>63</sup> Anubha, "Mediating Role of Attitude in Halal Cosmetics Purchase Intention: An ELM Perspective," *Journal of Islamic Marketing* 14, no. 3 (February 10, 2023): 645-79, <https://doi.org/10.1108/JIMA-04-2021-0112>.

Consumer awareness regarding halal cosmetics creates a new trend, halal market, and halal cosmetics among Indonesians.<sup>64</sup>

In addition, through the Ministry of Industry, the government is committed to developing Halal Industrial Estates (KIH), including Batamindo Industrial Estate, Bintan Industrial Park, Jakarta Industrial Estate Pulogadung, and Modern Cikande Industrial Estate. The development of KIH aims to develop products that comply with halal product assurance.<sup>65</sup> The development of KIH for pharmaceuticals and cosmetics can achieve economies of scale in production.<sup>66</sup> Since the end of 2020, Indonesia has been registered as part of the Standards and Metrology Institute for Islamic Countries (SMIIC), a forum for OIC countries in the field of standards and metrology. The Head of BPJPH, Muhammad Aqil Irham, stated that Indonesia's joining SMIIC is expected to contribute to the preparation of halal standards that are used and become guidelines for OIC countries, so that Indonesian standards can be accepted internationally.<sup>67</sup> That way, global halal standards can facilitate the export process of Indonesian halal products, including cosmetics.

The government also issued an import substitution policy to enable the domestic industry to produce products needed by the economy, which were originally fulfilled through imports.<sup>68</sup> It can be an opportunity for the Indonesian halal cosmetics industry to outperform the market compared to cosmetics from abroad. On the other hand, the existence of the ASEAN Economic Community (one single market) is an opportunity for the national cosmetics industry to increase exports. It is supported by the similarity of climate, socio-cultural, purchasing power, and consumer preferences that are not much different from those of Indonesia.<sup>69</sup>

The cosmetics industry is also growing rapidly along with the development of the digital era.<sup>70</sup> The growth of the digital economy is influenced by access to the internet. BPS (2022) shows an increase in internet usage in urban and rural areas. In 2022, the percentage of internet users in urban areas reached 74.16 per cent, while in rural areas, it reached 55.92 per cent. The increase in the number of internet users can also be seen in the increase in the number of transactions in e-commerce. Statista Market Insights data shows that the number of e-commerce users in Indonesia reached 178.94 million in 2022. Bank Indonesia

<sup>64</sup> Aafi and Aji, "Halal Cosmetics and Behaviour of Muslim Women in Indonesia: The Study of Antecedents and Consequences."

<sup>65</sup> Sukoso et al., "Ekosistem Industri Halal."

<sup>66</sup> KNKS, "Strategi Nasional Pengembangan Industri Halal Indonesia."

<sup>67</sup> Indah, "Jadi Bagian SMIIC, Indonesia Ikut Susun Standar Halal Global," November 27, 2022, <https://kemenag.go.id/internasional/jadi-bagian-smiic-indonesia-ikut-susun-standar-halal-global-j357bg>.

<sup>68</sup> Bank Indonesia, "Kajian Ekonomi & Keuangan Syariah 2022" (Jakarta: Bank Indonesia, 2022).

<sup>69</sup> Rachmawati, "Potensi Ekspor Produk Kosmetik Halal."

<sup>70</sup> KJPP Iskandar dan Rekan, "Laporan Pendapat Kewajaran Atas Rencana Transaksi Pembelian Tanah Dan Bangunan Gudang Milik PT Suka Sukses Sejati Oleh PT Victoria Care Indonesia Tbk."

(BI) noted that the value of e-commerce transactions in Indonesia reached IDR 476.3 trillion in the same year. This value was obtained from 3.49 billion transactions in e-commerce throughout 2022.<sup>71</sup>

### **Threats**

The halal industry is increasingly being developed in various countries, including Indonesia. The large economic value of the halal industry certainly triggers it. However, there is still an assumption that the development of the halal industry is an issue of Islamization. Syafiq Hasyim also views that the government only considers political-economic rather than national interests.<sup>72</sup> Halal formalisation can cause social segregation and polarisation for Indonesians with different religions and consumption patterns. In contrast, Sukoso et al. state that the guarantee of halal products is not a form of state discrimination against the religious life of its citizens but a form of state presence in carrying out the constitution and providing legal certainty.<sup>73</sup> Public awareness is high for cosmetic products, and it is critical to know the composition and halal status. However, the community has not widely spread halal awareness.<sup>74</sup> Campaigns with the added value of Islamic rules will inform consumers about halal cosmetic products and impact consumers' halal awareness to switch to these products.<sup>75</sup>

The halal cosmetics industry is included in the monopolistic competition market because it has the following characteristics:<sup>76</sup>

- a. Many producers or sellers exist, but not as many as in a competitive market.
- b. There is product differentiation; namely, the products offered have special differences in terms of packaging, services, and others.
- c. Producers can influence prices, although not as much as in oligopoly and monopoly markets.
- d. Producers can enter and exit the market because they are influenced by economic profit.
- e. Sales promotion must be active as it is important to attract and retain new customers.

Wardah, one of the PT Paragon Technology and Innovation brands, has become a pioneer of halal cosmetics in Indonesia and has dominated the market until now. Wardah is a cosmetic brand known for its halal brand image on its products. Wardah, as halal cosmetics, continues to innovate by showing that

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<sup>71</sup> Ridwan Mustajab, "Pengguna E-Commerce RI Diproyeksi Capai 196,47 Juta Pada 2023," September 4, 2023, <https://dataindonesia.id/digital/detail/pengguna-ecommerce-ri-diproyeksi-capai-19647-juta-pada-2023>.

<sup>72</sup> Syafiq Hasyim, *The Halal Project in Indonesia: Shariatization, Minority Rights and Commodification. INTRODUCTION, The Halal Project in Indonesia*, 2022.

<sup>73</sup> Sukoso et al., "Ekosistem Industri."

<sup>74</sup> LPPOM MUI, "LPPOM MUI Halal Directory 2022-2023."

<sup>75</sup> Mohammad Ekramol Islam and Mohammad Zahedul Alam, "Advertising: An Islamic Perspective," *International Journal of Ethics in Social Sciences* 1, no. 1 (2013): 2308-5096.

<sup>76</sup> Jiuhardt, *Ekonomi Mikro Terapan* (Samarinda: RV Pustaka Horizon, 2023).

halal cosmetics can be used for all women, not only for Muslim consumers.<sup>77</sup> Even PT Paragon Technology and Innovation is expanding its consumer segment, namely halal cosmetics for men under Kahf. It is a challenge for new companies that want to dominate the halal cosmetics market.

Regarding trade, geopolitical conflicts hamper the recovery of the world economy and impact Indonesia's trade. Some of the obstacles Indonesia faces in exporting halal products to OIC countries are high product tariffs, differences in standards, differences in regulations, and halal certification.<sup>78</sup> The increase in cosmetic imports is driven by the need for environmentally friendly cosmetics, minimal transdermal health risks, skincare and makeup products, and perfumes.<sup>79</sup> In addition, there is currently no unified standard for halal cosmetics. The absence of globally accepted halal cosmetic standards hinders manufacturers from exporting and gaining scalability.<sup>80</sup>

On the other hand, concerns about the health and environmental hazards the cosmetics industry poses are rising. It has led consumers to opt for eco-friendly and organic lifestyle products whose ingredient safety mirrors that of halal cosmetics.<sup>81</sup> As in other countries, Indonesia's market share for environmentally friendly cosmetic products is growing,<sup>82</sup> and more and more companies are starting to implement sustainability aspects in their production activities.<sup>83</sup> For Muslims in Indonesia, halal and environmentally friendly products can be more attractive because every Muslim is taught to consume halal and tayyib products. Tayyib products should include pro-environmental aspects<sup>84</sup> and quality and safety when used.<sup>85</sup> However, fewer environmentally friendly cosmetic products are available in Indonesia than in general.<sup>86</sup> One of the obstacles is the lack of environmentally friendly cosmetic raw materials. DinarStandard states that sourcing high-quality vegan ingredients is still a

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<sup>77</sup> Riri Oktarini, "The Effect Of Brand Image and Celebrity Endorser on 'Wardah' Indonesian Halal Body Cream Cosmetics' Purchase Decisions: A Study on Tangerang Selatan Region Working Mothers," *Kontigensi: Jurnal Ilmiah Manajemen* 9, no. 2 (November 2021): 540–49.

<sup>78</sup> Sukoso et al., "Ekosistem Industri Halal."

<sup>79</sup> Bank Indonesia, "Kajian Ekonomi & Keuangan Syariah 2022."

<sup>80</sup> DinarStandard, "State of the Global Islamic Economy Report 2022."

<sup>81</sup> Noreen Noor Abd Aziz and Eta Wahab, "Understanding of Halal Cosmetics Products: TPB Model," 2013, <https://api.semanticscholar.org/CorpusID:166415236>.

<sup>82</sup> Lucky Adhitiya and Rifelly Dewi Astuti, "The Effect of Consumer Value on Attitude Toward Green Product and Green Consumer Behaviour in Organic Food," in *IPTEK Journal of Proceedings Series*, 2019, 193–202, <http://dx.doi.org/10.12962/j23546026.y2019i5.6299>.

<sup>83</sup> Willy Arafah, "Marketing of Green Product in Indonesia Context Today," *British Journal of Marketing Studies* 6, no. 1 (February 2018): 52–57.

<sup>84</sup> Irfany, Khairunnisa, and Tieman, "Factors Influencing Muslim Generation Z Consumers' Purchase Intention of Environmentally Friendly Halal Cosmetic Products."

<sup>85</sup> Carrie Amani Annabi and Olufunbi Olajumoke Ibidapo-Obe, "Halal Certification Organizations in the United Kingdom: An Exploration of Halal Cosmetic Certification," *Journal of Islamic Marketing* 8, no. 1 (2017): 107–26, <https://doi.org/10.1108/JIMA-06-2015-0045>.

<sup>86</sup> Jacky Chin et al., "The Investigation of Consumers' Behaviour Intention in Using Green Skincare Products: A pro- Environmental Behaviour Model Approach," *Sustainability (Switzerland)* 10, no. 11 (October 28, 2018), <https://doi.org/10.3390/su10113922>.

challenge, especially outside Europe and North America.<sup>87</sup> Indonesia, rich in herbal resources, must conduct further research to ensure the continuity of local wisdom and knowledge and develop processing technology to maximise its potential.<sup>88</sup>

### Strategies to Accelerate the Indonesian Halal Cosmetics Industry

The author identifies internal and external factors that affect the Indonesian halal cosmetics industry through SWOT analysis. In this section, the author will formulate strategies to accelerate the Indonesian halal cosmetics industry by using the TOWS matrix so that SO (Strengths-Opportunities) strategies, ST (Strengths-Threats) strategies, WO (Weaknesses-Opportunities) strategies, and WT (Weaknesses-Threats) strategies are obtained.

**Table 1. SWOT Matrix of the Indonesian Halal Cosmetics Industry**

Strengths (S)	Weaknesses (W)
<ol style="list-style-type: none"><li>1. Regulations related to halal assurance are contained in the Law, Government Regulations, and MUI Fatwa.</li><li>2. Regulations related to cosmetics are contained in the Law, Health Minister Regulation, MUI Fatwa, and BPOM Regulation.</li><li>3. Cosmetic products must be halal-certified by the deadline of October 17, 2026.</li><li>4. In MPIHI 2023-2029, the halal pharmaceutical and cosmetic sector is categorised as a core halal industry with three development programs.</li><li>5. Increasing the number of beauty companies dominated by SMEs.</li><li>6. The cosmetics industry, as a labor-intensive industry, can create jobs.</li><li>7. The growing use of Indonesian herbal raw materials.</li></ol>	<ol style="list-style-type: none"><li>1. Indonesia's cosmetics import value is still greater.</li><li>2. There are no policies related to guidelines in controlling ingredients and the prohibition of harmful substances, cosmetic labelling, and promotional activities.</li><li>3. There is still a lack of human resources who are experts in nanotechnology in related institutions.</li><li>4. There is no specific policy from the Directorate General of IPR regarding the form of patenting nanotechnology-based products.</li><li>5. There are no policies and programs that require the use of Islamic financing/financial services.</li></ol>

<sup>87</sup> DinarStandard, "State of the Global Islamic Economy Report 2022."

<sup>88</sup> Meliana, *Peran Teknologi Nanoemulsi Untuk Pengembangan Mutu Kosmetik Dari Herbal Asli Indonesia*.

SO Strategies	WO Strategies
<ol style="list-style-type: none"> <li>1. There is a special cluster of halal cosmetics in KIH (S1, S2, S3, S4, O6, O9)</li> <li>2. Increase the number of halal cosmetics companies and provide empowerment programs (S4, S5, S7, O7, O8)</li> <li>3. Creating differentiation in halal cosmetic products and formulating the right marketing strategy (S5, S7, O1, O3, O4, O5)</li> <li>4. Preparing competent human resources and institutions in the development of halal cosmetics (S6, S7, O1, O2)</li> </ol>	<ol style="list-style-type: none"> <li>1. Formulate policies to reduce the number of cosmetics imports (W1, O3, O4, O5, O7, O8)</li> <li>2. Formulate halal cosmetics standards from raw materials to promotion and even capital sources (W2, W5, O9)</li> <li>3. Prepare competent human resources in nanotechnology and formulate a policy for patenting their products (W3, W4, O1, O2, O6)</li> </ol>
ST Strategies	WT Strategies
<ol style="list-style-type: none"> <li>1. Socialize the role of halal assurance regulations to protect consumers and halal issues are inclusive (S1, S3, S4, T1)</li> <li>2. Formulate regulations regarding raw materials and export tariffs of halal cosmetics (S2, S5, S7, T3, T4, T6)</li> <li>3. The government or related institutions work with established halal cosmetics companies to increase halal literacy and employment opportunities for the community (S6, T2, T5)</li> </ol>	<ol style="list-style-type: none"> <li>1. Strengthen the potential of halal cosmetics companies to dominate the Indonesian market (W1, T1, T2, T4)</li> <li>2. Increase the literacy of those involved in the development of halal cosmetics regarding the need to use environmentally friendly raw materials, advanced technology, and sharia-compliant financing (W2, W3, W4, W5, T3, T5, T6)</li> </ol>

Source: Data processing

Based on the TOWS matrix above, there are twelve strategic recommendations to accelerate Indonesia's halal cosmetics industry, which are then grouped into five sections:

### ***Clarifying Regulations, Standardization, and Policies***

As described in the strengths section, Indonesia's halal cosmetics industry is already supported by several regulations. However, there are no halal cosmetics trade standards and policies. Requirements and conditions regarding cosmetics should be under the law and regulated in various regulations <sup>89</sup>. Of

<sup>89</sup> Dewi Rahmawati et al., "Regulasi Kosmetik Terhadap Izin Edar: A Studi Literature," *Vitamin : Jurnal Ilmu Kesehatan Umum* 2, no. 1 (2024), <https://doi.org/10.61132/vitamin.v2i1.196>.

course, this is also important for halal cosmetics. The following strategies can be implemented:

Strategies	Implementation Steps	Resources Required
Halal regulation socialization (ST1)	<ol style="list-style-type: none"> <li>1. Develop campaign materials</li> <li>2. Involving halal influencers</li> <li>3. Using social media and print media</li> <li>4. Conduct cross-institutional collaboration</li> </ol>	<ol style="list-style-type: none"> <li>1. Halal regulator</li> <li>2. Campaign fund</li> <li>3. BPJPH and MUI support</li> <li>4. Media and creative team</li> </ol>
Halal cosmetics standards (WO2)	<ol style="list-style-type: none"> <li>1. Form a cross-sector team</li> <li>2. Conduct an overseas standard study</li> <li>3. Draft standards (material, process, promotion, capital)</li> <li>4. Conduct legalization of regulations</li> </ol>	<ol style="list-style-type: none"> <li>1. Cosmetic and sharia expert team</li> <li>2. Research and consulting fund</li> <li>3. Ingredient testing facilities</li> <li>4. Access to industry data</li> </ol>
Halal cosmetics export tariff (ST2)	<ol style="list-style-type: none"> <li>1. Coordinate between ministries</li> <li>2. Design tariff incentives</li> <li>3. Develop fiscal regulations</li> <li>4. Conduct socialization to exporters</li> </ol>	<ol style="list-style-type: none"> <li>1. Export data</li> <li>2. Trade consultant</li> <li>3. Customs and BKPM support</li> <li>4. Halal verification system</li> </ol>
Import reduction policy (WO1)	<ol style="list-style-type: none"> <li>1. Analyze import data</li> <li>2. Develop local-based substitution</li> <li>3. Incentivize local industry</li> <li>4. Conduct a campaign to love local products</li> </ol>	<ol style="list-style-type: none"> <li>1. Trade statistics</li> <li>2. Cosmetics industry experts</li> <li>3. Incentive fund</li> <li>4. National media campaign</li> </ol>

Source: Data processing

### ***Developing and Empowering the Halal Cosmetics Industry***

The development of halal cosmetics has been more than a novelty. The halal cosmetics market, a new niche market, is now growing, so it is widely utilized by cosmetic companies <sup>90</sup>. It shows a need for the development and empowerment of halal cosmetic companies, especially for new companies. The following strategies can be implemented:

Strategies	Implementation Steps	Resources Required
Special cluster for halal cosmetics in KIH (SO1)	<ol style="list-style-type: none"> <li>1. Identify strategic KIHs for the halal cosmetics cluster</li> <li>2. Provide land and investment incentives</li> <li>3. Build research, production, and certification facilities</li> </ol>	<ol style="list-style-type: none"> <li>1. KIH land and infrastructure</li> <li>2. Investment funds and incentives</li> <li>3. Cluster management experts</li> <li>4. BKPM and Ministry of Industry support</li> </ol>

<sup>90</sup> Mega Ayu Ningtyas and Safaruddin Harefa, "Kewenangan Fatwa Majelis Ulama Indonesia Terhadap Label Kosmetik Di Indonesia," *Perada: Jurnal Studi Islam Kawasan Melayu* 5, no. 1 (2022), <https://doi.org/10.35961/perada.v5i1.252>.

	4. Collaborate with industry playes, BPJPH, and investors	
Strengthening the potential of halal cosmetics companies (WT1)	<ol style="list-style-type: none"> <li>1. Equalize the strengths and weaknesses of the local halal cosmetics industry players</li> <li>2. Implement mentoring and training programs</li> <li>3. Expanding access to Islamic financing</li> <li>4. Conduct national promotion for halal certified products</li> </ol>	<ol style="list-style-type: none"> <li>1. Data on industry players</li> <li>2. Business mentors</li> <li>3. Islamic financial institutions</li> <li>4. Promotion media</li> </ol>
Education and employment cooperation (ST3)	<ol style="list-style-type: none"> <li>1. Conduct MoUs between government/institutions with established halal cosmetics companies</li> <li>2. Implement internship and job training programs</li> <li>3. Conduct halal education campaigns through government channels</li> <li>4. Conducting halal training certification</li> </ol>	<ol style="list-style-type: none"> <li>1. Support from large cosmetics companies</li> <li>2. CSR or state budget funds</li> <li>3. Halal training institute</li> <li>4. Halal education curriculum</li> </ol>
Increasing the number and empowerment of companies (SO2)	<ol style="list-style-type: none"> <li>1. Incentivize the establishment of new halal cosmetics companies</li> <li>2. Implement halal incubation and startup programs</li> <li>3. Provide funding and managerial training</li> <li>4. Provide ease of licensing and halal certification</li> </ol>	<ol style="list-style-type: none"> <li>1. Business capital and tax incentives</li> <li>2. Business incubators and mentors</li> <li>3. Access to halal certification</li> <li>4. BPJPH and KemenKopUKM support</li> </ol>

Source: Data processing

### ***Differentiating and Marketing Products***

The diverse availability of cosmetic products causes tight competition in the cosmetics industry. It is a challenge for cosmetic companies to formulate marketing plans appropriately to maintain the existence of their products and compete with competitors <sup>91</sup>. Therefore, the strategy that can be implemented is to create differentiation in halal cosmetic products and formulate the right marketing strategy (SO3).

Strategies	Implementation Steps	Resources Required
Differentiation and marketing	<ol style="list-style-type: none"> <li>1. Conduct market research</li> </ol>	<ol style="list-style-type: none"> <li>1. Research and development (R&amp;D) team</li> </ol>

<sup>91</sup> Devany Arflia Susanti and Edy Yusuf Agung Gunanto, "Faktor Yang Mempengaruhi Intention to Recommend Produk Kosmetik Halal (Studi Kasus Di Kota Tangerang Selatan)," *Jurnal Ekonomi Syariah Teori Dan Terapan* 9, no. 4 (July 31, 2022): 543-58, <https://doi.org/10.20473/vol9iss20224pp543-558>.

of halal cosmetics (SO3)	2. Innovate halal products with differentiation 3. Develop a value-based marketing strategy 4. Conduct periodic evaluation of campaign effectiveness	2. Halal marketing and digital marketing experts 3. Promotion and branding funds 4. Partnerships with halal influencers and communities
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Source: Data processing

### ***Developing Human Resources***

Madjid (2022) explains that one of the strategies to develop Indonesia's halal industry is to develop superior human resources (HR). It can be realized with the development of human resources (people development) through the unification of goals to fear Allah SWT (Heart), science and knowledge (Head), and specific abilities in certain industries (Hand). The following strategies can be implemented:

Strategies	Implementation Steps	Resources Required
Strengthening human resources and halal cosmetics institutions (SO4)	1. Opening study programs or courses related to halal cosmetics 2. Provide technical training and professional certification in the field of halal cosmetics 3. Develop a halal research center 4. Build cooperation between universities, research institutes, and cosmetics industry	1. Professional educators and trainers 2. Curriculum based on industry needs 3. Laboratory facilities 4. Education and research funds
Nanotechnology human resources and patent policy (WO3)	1. Develop special training and scholarship programs in the fields of nanotechnology 2. Establish a nanotechnology-based cosmetics research center 3. Develop national policies related to intellectual property rights (IPR) and patents for halal cosmetic innovations 4. Provide legal assistance and patent assistance	1. Human resources with nanotechnology background 2. Research funds and scholarships 3. IPR institutions and patent consultants 4. International collaboration for benchmarking

Source: Data processing

### ***Improving Community Literacy***

Literacy encompasses science and technology (science and technology), finance, culture, critical thinking skills, and sensitivity to the surrounding

environment. Therefore, community literacy must be improved to achieve a quality life, both now and in the future <sup>92</sup>. In the context of this research, the strategy that can be implemented is to increase the literacy of the parties involved in developing halal cosmetics regarding the need to use environmentally friendly raw materials, advanced technology, and sharia-compliant financing.

Strategies	Implementation Steps	Resources Required
Literacy in environmentally friendly materials, technology, and Islamic finance (WT2)	<ol style="list-style-type: none"> <li>Identify key parties</li> <li>Organize training and thematic seminars</li> <li>Creating online and offline-based educational modules</li> <li>Involving halal certification bodies, ministries, and sharia experts</li> </ol>	<ol style="list-style-type: none"> <li>Expert on halal raw materials, environment, and Islamic finance</li> <li>Training funds and modules</li> <li>Educational media</li> <li>Collaboration space between stakeholders</li> </ol>

Source: Data processing

## CONCLUSION

The results of the analysis show that to accelerate the halal cosmetics industry in Indonesia, the implementation of a comprehensive strategy with a SWOT (Strengths, Weaknesses, Opportunities, and Threats) approach is crucial. Five strategic steps that can be implemented in accelerating the halal cosmetics industry in Indonesia include: 1) Clarify regulations, standardisation, and policies; 2) Develop and empower the halal cosmetics industry; 3) Conduct product differentiation and marketing; 4) Develop human resources; and 5) Increase public literacy.

This study has limitations in the scope of data used, which is mostly sourced from secondary data or literature. In addition, this study has not conducted direct surveys of consumers and industry players, so it does not reflect perspectives and experiences directly from the field. As a follow-up, further research is recommended to explore consumer preferences for halal cosmetics, the effectiveness of ethical values-based marketing strategies, and integrative studies between aspects of halalness, sustainability and technology in product formulation. For stakeholders, the government needs to strengthen regulations, build a halal industry cluster for the cosmetics sector, and provide incentives and training for business actors. Industry players are encouraged to carry out product differentiation and intensify halal certification. Meanwhile, educational and research institutions need to develop curricula and applied research in the field of halal cosmetics, and Islamic financial institutions can play a role by providing financing in accordance with sharia principles. Synergy between sectors is the key to encouraging Indonesia's halal cosmetics industry to become more competitive and sustainable.

<sup>92</sup> Mashur Mashur and Dedi Riswandi, "Mengembangkan Potensi Dan Kreativitas Pemuda Dalam Meningkatkan Potensi Desa Wisata Melalui Media Sosial Network," *Abdinesia: Jurnal Pengabdian Kepada Masyarakat* 1, no. 2 (2021): 39–46.

### **Author's Contribution**

Cahyana Nursyabani: Contribute to formulating research ideas, collecting data, processing data, and interpreting data, writing systematics, and research methods.

Nurwahidin: Contributing to analyzing interpretation results, the language proofread.

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The author declares that there is no conflict of interest.

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Ethical approval No patient-identifying parts in this paper were used or known to the authors.

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