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MANAGING THE HALAL INDUSTRY AND THE PURCHASE INTENTION OF INDONESIAN MUSLIMS The Case of Wardah Cosmetics

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Abstract: The issue on halal currently becomes a global trend. As a matter of fact, it has also become the lifestyle of Muslims around the world including Indonesia, a country with the largest Muslim population. One interesting phenomenon in Indonesia in relation to the halal industry is Wardah Cosmetics. This brand can be called as the pioneer of halal cosmetics in Indonesia. It promotes itself with three taglines; pure and safe, beauty expert, and inspiring beauty. Unfortunately, Wardah has not yet achieved its optimal potential as there are still negative responses towards the quality of Wardah products. In addition, the distribution of Wardah products are still segmented in urban areas only. Despite the fact, Wardah still is a good showcase of the success of halal industry particularly the cosmetics industry as it succeed to position itself as one the leading brands in Indonesia. This paper finds that the strategy and mechanisms of the halal industry run by wardah cosmetics have been closely connected to the purchase intention of the Indonesia Muslims.

Keywords: Halal industry, management and the purchase intention, Indonesian Muslim

Introduction

Issue on Halal industry is currently becoming a global trend. As matter of fact, it has become the lifestyle of the Muslim world. The Global Muslim Travel Index 2019 has released the statement that “Republic of Indonesia is the center of global halal industry” with halal tourism in the first rank and Muslim fashion models in second place.¹

¹ JawaPos, April 2019.

Their statement implies that the increasing awareness of Muslims, here Indonesian Muslim community in particular and Muslims in world in general, on the importance of the halal issue in their life has affected the proliferation of halal industries in various sectors.² The halal industry experienced rapid growth. The stretch of the halal industry is not only limited to the food industry (food-beverage), but also extends to the pharmaceutical and cosmetics industry, tourism and culture, logistics, financial, and others.

According to Islamic law, halal means the lawful that implicates that it is only the good and the clean that can be consumed by the Muslims. Here, Muslims as the consumers are indeed important for the business players and, due to their raising awareness, have shown increasing preference towards the halal goods. This is in accordance with the results from research titled “Impact of Labeling and Packaging on Young Behavior of Consumers with Mediating Role of Brand Image”.³ In relation to this, it is important to highlight that consumers are the most important asset in a trading industry and are the target of every industry. This is due to the fact that it is they, the consumers, who will use and purchase, the products. The profit expected to be achieved by every business is resulted from the purchase conducted by consumers.

In relation to this, as Indonesia has a quite enormous number of Muslim consumers, it offers promising potential for the halal industry market both nationally and internationally. The 2018 population census data quoted from BPS (Central bureau of statistics) shows that the population of Indonesia in 2018 was 237,641,326 inhabitants and the majority of it, which is around (87,180%), are Muslims. So, there are approximately 207,176,162 Muslims in Indonesia.⁴ Due to their shifted orientation, from quality oriented with no concern on halal to the lifestyle with great concern regarding halal issue, the market for halal products is wide open globally. Products on the market will follow consumer demand both their needs and their preference. In other words, the market for halal products are increasing as the customers

² Global Muslim Travel Index <https://www.crescentrating.com/reports/global-muslim-travel-index-2019.html>. Accessed on 14 May 2019.

³ Mohammed Abdur Razzaque, “Religiosity and Muslim Consumers; Decision Making Process in a Non-Muslim Society,” *Journal of Islamic Marketing*, 4, 2, Emerald Insight (2012).

⁴ <https://www.bps.go.id/>. Accessed on 14 May 2019.

awareness and concern about the halal status of products also increase. On the other hand, if consumers are not aware or having any concern regarding the halal status of the products, then there will be no demand to the halal industry as even the products that are not halal are still consumed.⁵

The halal industry in Indonesia is experiencing a very rapid growth as it has tremendous potential especially within Muslim market in Indonesia. However, awareness on halal products and or industry among Indonesian society is still relatively far from sufficient. Eventhough various information about halal industry nowadays is more accessible, thanks to the technology, still, there are still quite many consumers who do not know and or do not want to know about the halal status of the products they consume.

The enactment of law No. 33 September 2014 on Halal product guarantee is definitely a positive achievement that needs to be supported. The urgency of the existence of this law lays on the fact that establishing the halal certificate that previously was only a voluntary act of some manufacturers now becomes an obligation. Hence, with the existing law, if the obligation is breached, there is a legal consequence. Producers or companies will get legal punishment if they are against this law. Actually, this obligation, that means a consequence of having to provide halal goods is supposed to be an easy task for the context of Indonesia. Indonesia offers enormous potentials because it is rich in natural recourses with affordable price. This advantage surely supports the companies to produce unique and halal products with economic price for consumers. Furthermore, with the progress of technology both in manufacturing technology and information technology, the production and distribution process is becoming significantly easier. Hence, halal product can become more accessible and affordable by public both regionally and internationally. In addition to the act, Halal Park is also one of the Indonesian government strategies. It expected that by creating a halal district, Indonesia can lead the market of Halal Industry internationally and the Global Halal Centre in the future.⁶

According to Global Muslim Travel Index 2018-2019, cosmetics has been listed as one of the Global Halal Economic Potential.

⁵ Musadad, *Halal Industry Potential* (Semarang: Dahara Prize, 2018)

⁶ Jawa Pos, 17 April 2019.

Cosmetics industry is a very profitable industry that is has been, and will always been, a giant industry all over the world. Ironically, cosmetics material actually contains chemicals. Most common materials of those chemicals are synthetic and oil which generate dangerous effects as like skin irritation and cancer⁷. Therefore, women should be selective in consuming cosmetics. Brands have been competing in claiming that they provide healthy, natural and hence safe materials for their products. In relation to this, an added value of halal cosmetics that it is very important for Muslims to keep their health and piety at the same time. The halal label for Indonesian products can be recognized with the statement of “Halal” on the product certified by the institute of research on food, drugs and cosmetics of the Indonesian council of ulama cooperating with the ministry of health and ministry of religious affairs.⁸

In order to satisfy their needs, consumers will opt for products that can offer them the most of values. As consumers, they will select products which is most satisfactory for them. In general, quality is one the highly prioritized value consumers will always consider. Quality, according to American Society for Quality Control, is “The totality of features and characteristics of a product or service that bears on its ability to satisfy given needs”. The quality of product is one of factor that bears consumer needs. A seller can be categorized as a good quality seller if the products can meet or even exceed expectation from the consumers.⁹

In this regards, Wardah tried to persuade the consumers to opt for their products using three brandings; Pure and Safe, Beauty Expert, and Inspiring Beauty.¹⁰ The most important aspect or tagline of Wardah branding is ‘Pure and Safe’. Pure and safe principle states and clarifies that the products are produced from safe materials and are halal according to Islam and hence can be used by Indonesian Muslim women without any worry.¹¹ To succeed in becoming the favorite product is closely related to the quality of the product itself. Wardah

⁷ Adelia Ratnadinata, “Almost Half Issues of Skin Diseases are Caused by Cosmetic,” www.health.detik.com, accessed on 10 October 2013.

⁸ Lili Sukmawati, *An Analysis of Halal Label Effect on Brand Switching (Case Study on Wardah Cosmetic)* (Bogor: Institut Pertanian Bogor, 2006).

⁹ Philip Kotler, & Gary Armstrong, *Marketing Principles* (Jakarta: Erlangga, 2008).

¹⁰ Ratnadinata, “Almost Half Issues of Skin Diseases.

¹¹ Saring Marsudi Samino, *Tutoring Services* (Surakarta: Fairuz Media, 2011).

has made its products with a wide range of variety and always try to introduce innovations in order to bear consumer needs. In addition, Wardah also tries to evaluate the quality and improve it so that the new and more various variety being marketed has better quality.¹²

This article will discuss about the correlation between Halal Industry trend and the trend of purchase interest among Indonesian Muslims. The article begins the discussion by exploring the management of halal industry and then followed by exposing the halal industry in Indonesia. Afterward, the focus of the paper will be Wardah cosmetics as a case of halal industry and the dynamic of purchase intention and interest of the Indonesian Muslim women.

The Management of Halal Industry: Theoretical Framework

Marketing is a function of an organization and a series of processes aimed at creating, communicating, and giving values to the customers whilst maintaining the relationship with them; all are aimed at giving profit and advantage for the organization and stakeholders themselves. In addition, the definition of marketing from social perspective is a social process in which individuals and groups get what they need and aspire by establishing, bearing and communicating the superior customer value. The core of marketing is identifying and fulfilling the needs of human and society. So, it can also be defined shortly as fulfilling the needs in a profitable way.¹³

Marketing strategy is a marketing logic where a company expects to get customers rating and build profitable relationship. Company decides which customer will be served (segmentation and target determining) and which strategy will be used to serve costumers (differentiation and positioning). Supported by marketing strategy, company plans to create marketing which includes some factors; product, price, place and promotion.¹⁴

As mentioned previously, Halal industry has a very great potential in the world. In these recent years, many countries, both Muslim country and non-Muslim country, have been competing to develop

¹² A. S. P. Sandi, Marsudi and D. Rahmawanto, "A Perception of Halal Label on Consumers' Choice on Energy Drink Product," *Journal of Business Management*, 1, 2 (2011).

¹³ Ibid., p. 5.

¹⁴ Kotler, *Principles of Marketing*.

and serve sharia-labeled businesses.¹⁵ Based on Global Islamic Economic Report 2016/2017, the approximate value of food and lifestyle sector expenditure in the halal industry has reached around US\$1,9 trillion in 2015 and is estimated to rise to US\$ 3 in 2021. In Indonesia, BPOM (The National Agency of Drug and Food Control of Republic of Indonesia) is the institution managing the halal sector. Meanwhile, ministry of religious affairs and ministry of health of the republic of Indonesia are the ones govern the regulation managing the technical details on halal labeling. It is stated in the following regulation; regulation 427/Men.Kes/SKBMII/1985 (No.68 Year 1985) on the attachment of halal written statement on food labels¹⁶

A process a consumer goes through in his or her purchasing decision consists of five stages; identifying the needs, seeking information, evaluating alternatives, deciding on purchasing and then after-purchase stage. The after-purchase stage is when a consumer considers and decides whether he or she will be repurchase or not. This is related to the loyalty of the customers; a dream of every business to keep their success. Hence, the industry players have to not only thinking about what the consumers think and feel before the purchase but also to what they feel and think after the purchase.¹⁷ In order to know as well as to predict the consumer behavior, a commonly used approach is by conducting activities determining consumers' purchase intentions. Purchase intention is defined as "what consumers think they will buy"¹⁸, and the tendency among the consumers to buy products in the future and to remain loyal to the brand. Schiffman and Wisenblit (2015), and Sam and Tahir (2009) described purchase intention as the possibility of the consumer to purchase a product or behave in a certain way.¹⁹ Engrebretsen²⁰

¹⁵ Abdul Rasyid, et. al., *Business Law for Company: Theory and Case Study* (Jakarta: Prenada Media, 2017).

¹⁶ Minister of Health and Religious Affairs of Indonesia No. 427/Men.Kes/-SKBMII/1985 (No.68 Year 1985)

¹⁷ *Id.*, p. 179.

¹⁸ James F. Engel, Roger D. Blackwell, and Paul W. Miniard. *Perilaku konsumen*. Trans. Budijanto. Jakarta: Binarupa Aksara, 1995.

¹⁹ Y. Fan, and Y. Miao, "Effect of Electronic Word-of-Mouth on Consumer Purchase Intention: The Perspective of Gender Differences," *International Journal of Electronic Business Management*, 10, 3 (2012).

²⁰ I.M.S. Engebretsen et al. "Growth effects of exclusive breastfeeding promotion by peer counsellors in sub-Saharan Africa: the cluster-randomised Promise trial," *BMC*

Defined purchase intention as a consumer's attempt to purchase a product or service. According to the Theory of Planned Behavior,²¹ behavior of a person is determined by his or her intention to perform the act²². Such intentions are informed by behavior, subjective norms regarding their involvement in the behavior, and perceptions of individual success in engagement as target behavior.²³ Thus, purchase intentions can be used to predict consumer behavior.²⁴ When companies know the factors that drive consumers to make purchases, they will develop strategies to influence consumers.

Purchase intention is also defined as "the probability of consumers plan or willingness to purchase the certain product or service in the future"²⁵ According to Dodds, Monroe and Grewal, purchase intention is an attempt to purchase a product or service. Purchase intention has been widely used in the literature as a predictor of subsequent purchase. Interestingly, the concept was found to have a strong correlation with the actual behavior.²⁶ In order to understand various factors that contribute to purchase intention, theory of Reasoned Action (TRA) is commonly used. The TRA was developed to better understand the relationships among attitudes, intentions and behavior.²⁷ It can be said that TRA is the most relevant theoretical model in the context of halal products. One example of the use of TRA within the context of halal service is examining customer preference towards Islamic credit cards. It resulted in a finding suggest that there is a positive correlation between the attitude and the purchase intention towards cosmetics and food products.

Several studies on purchase intention have pointed to different

Public Health, 14 (2014).

²¹ I. Ajzen and M. Fishbein, *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research* (n.p.: Addison-Wesley, 1975).

²² George D Halsey, *How to Lead and Supervise Your Employees* (Jakarta: Rineka Cipta, 2004).

²³ Ibid., p. 12.

²⁴ Ibid., p. 125.

²⁵ P.C.S Wu, GYY. Yeh, C.R. Hsiao, "The effect of Store image and service quality on brand image and purchase intention for private label brands," *Australian Marketing Journal* (2015).

²⁶ Fishbein, *Belief, Attitude, Intention, and Behavior*.

²⁷ A. Mukhtar, M.M. Butt, "Intention to choose Halal products: the role of religiosity," *Journal of Islamic Marketing*, 3, 2 (2012).

factors that affect such behavior.²⁸ Previous studies argue that halal awareness; halal certification and brand were positively related to purchase intention of halal products. However, this research suggests that the halal awareness variable can not stand on its own in order to support the purchase intention. They further point out that personal societal perception, halal marketing, halal certification and belief are the ones that influence purchase intention of halal products. Furthermore, purchase intention to the halal product is also driven by high-involvement behavior traits for halal-conscious consumers who are risk averse.

In relation to the case of Wardah cosmetics, it seems that theory of Abdul Aziz that halal industry has a positive correlation with purchase intention cannot be proven.²⁹ Serious attempts of Wardah to maintain the purchase intention of the consumers still encounter criticism from the consumers. These criticisms are mainly related to the quality. According to the critics, Wardah fails to be consistent with the quality of its products. The products that are aimed and branded to be safe turn out to also have some affects. For example, Wardah lightening series reportedly have drying affect to the skin and, in some cases, some people even experience exfoliated skin at the face.³⁰ Unfortunately, it also happened to the lip cream product as consumers find it not as expected. Promising to be a matte lip cream, it turns out to be quite glossy and takes some times to change in to the matte texture.³¹ These experiences will result in not so positive impression and affect the purchase intention of the consumers. So, the critic concludes that Wardah has not yet succeeded in being consistent in its quality.

The Rise of Halal Industry in Indonesia

Halal industry has undergone massive development. The trend of this halal industry is no longer limited to food and beverage only but

²⁸ Y. Abdul Aziz, N.V. Chok, "The role of Halal awareness, Halal certification, and marketing components in determining Halal purchase intention among non-Muslims in Malaysia: a structural equation modeling approach," *Journal of International Food and Agribusiness Marketing*, 25, 1 (2013).

²⁹ Ibid.

³⁰ <https://klubwanita.com/efek-samping-wardah-lightening-series>

³¹ <https://marketeurs.com/wardah-matte-lip-cream-semakin-cantik-dengan-formula-baru/>

also to pharmaceutical and cosmetics, tourism and culture logistic, finance and others.³² The global sharia and halal industry is projected to be valued at USD3.081 billion in 2022. In this regards, with the total population of 261 million people and 87.2% of them are Muslims, Indonesia has a promising potential of Muslim market as it comprises of 12.7% of the world's Muslims. Furthermore, according to the Global Islamic Economy, Indonesia is among the top 10 sharia-industrial countries that excel in several sectors such as Islamic Finance, Halal Travel and Halal Cosmetics & Pharmaceutical sectors (This is according to the Global Islamic Economy (GIE) (2017)). The data indeed shows the halal industry is experiencing rapid growth and has a tremendous potential due to the great Muslim market in Indonesia.³³

Historically, Muslims thinking at the past is considered by some scholars as quite slow and tend to be outdated in comparison to those of the secularist nationalists. The way they were developing their concept of themselves within Indonesia is not as fast as it could be. As a result, they also are quite left behind in comparison to their nationalist colleagues in positioning themselves within this nation. The point needs to be highlighted here is the fact that by the time Muslims thinkers had begun to develop a clearer sense of their own political project or concept in Indonesia, secular nationalist thinkers (often indifferent to and sometimes fiercely opposed to Islamic and Muslims ideas about the relationship of state to religion) had already established the idea, along with the blueprint, of Indonesia a sovereign state and as a vehicle for the citizens of Indonesia to become both modern and prosperous. As a consequence, Muslims had no option but to seek to accommodate their thinking to the dominant paradigm of the idea of Indonesia.³⁴ This understanding is important in order to argue why halal industry emerges just now in Indonesia.

However, in today's era, Indonesian Muslims, show their clear and strong standpoint in the issues of halal industry and the so-called halal lifestyle. They also began to realize the potential of halal industry in all

³² S.H.B. Gillani, F. Ijaz, and M.M.S. Khan, "Role of Islamic Financial Institutions in Promotion of Pakistan Halal Food Industry," *Islamic Banking and Finance Review*, 3, 2 (2016).

³³ "Global Islamic Economy" (2017), <https://www.giesummit.com/>

³⁴ R. E. Elson, "Islam, Islamism, The Nation, And The Early Indonesian Nationalist Movement," *Journal of Indonesia Islam*, 1, 2 (2007).

sectors. They can see how the halal industry has undergone a tremendous development and this is not only happening in Indonesia but also in the world. For example, In Malaysia, there is a growing demand for halal pharmaceutical products, especially from the so-called pious Muslims. For Muslims, seeking halal goods is a must in order to get Allah's blessings. Despite that quite widespread believe, there is only a few pharmaceutical products in the market have the certified halal logo. Thus, for Muslim consumers in Malaysia, in order to be certain that they do have halal products, they have to be patient looking at the ingredients listed in the packaging. Unfortunately, this process is also not easy for most consumers as there is some information of the ingredients that the consumers are not familiar with. So, there is a big risk that consumers are actually in the position of lacking the knowledge needed to make decision. In other term, they are forced to make not fully informed decision. The study by Bilal Nawaz et al shows that label, awareness, and trustworthy led to imperfect knowledge in the buying decisions of pharmaceutical products among Muslim consumer.³⁵

Furthermore, there is a lack of studies on Islamic branding from non-Muslim perspective. There is also emergence of ethical problems regarding Islamic branding that involves non-Muslim producers. Therefore, this study was conducted among non-Muslim customers to ascertain the relationship between customer perception and customer loyalty to the purchase intentions. The results show that customer perception has a close correlation with the purchase intention of an Islamic brand. The research then offers several suggestions for marketing strategies that focus on Islamic branding. One of the strategy needs to be taken is to focus on Halal labeling, Halal statement on product packaging especially when it is clearly guaranteed by and issued from MUI. All of them do influence the purchasing decision process. In this case, Consumers at Wardah Cosmetics Facebook Fans Page in Indonesia suggest that they are indeed aware of their needs to the product and are comparing Wardah products with other brand products.³⁶

³⁵ Mahdia Farrukh, Amir Gulzar, Noor-ul-Ain Riaz, "Nawaz, Bilal. Impact of Labeling and Packaging on Buying Behavior of Young Consumers with Mediating Role of Brand Image," *Interdisciplinary Journal of Contemporary Research In Business*, 3, 8 (2011).

³⁶ Johra Kayeser Fatima and Mohammed Abdur Razzaque, "Service quality and satisfaction in the banking sector," *International Journal of Quality & Reliability*

Among Muslim consumers in Indonesia, quality is not the only factor taken into consideration when they make decision regarding products option they will purchase. Research shows that they will conduct 'a small research' of their own to really comprehend the values and advantages offered by products. The measures consist of seeking for those fulfilling their needs, seeking for information, evaluating other alternatives, and then ended in choosing the product and purchasing it. This is why a socialization towards the market, here particularly Muslim consumers and more generally all consumers is needed. The socialization ideally covers topics on the importance of halal status of product and also about the quality as the inseparable value of the halal industry. The socialization will serve the consumers the information they need in their decision-making processes as well as help convincing them when they do the alternative evaluation.

Muslim women in Indonesia do consider the importance of what can be called as 'spiritual beauty' in their process of purchasing. As explained by Susi, the concept of beauty for Muslim women means both physically and spiritually. The concept suggests that beautiful women are those who obey and surrender to Allah SWT. In short, Muslim women do not find the beauty concept offered by other beauty brands such as Ponds White Beauty Facial Foam and Ponds Body Lotion advertisement as holistic. This is due to the highlight on the physical beauty while, to them, beauty consists of both physical and, in fact more importantly, soul.³⁷ This is shown in their decision process for buying Wardah Cosmetics, as discussed with the Facebook Page of Wardah Cosmetics.³⁸

The next important component is the manufacturer. Manufacturers plays the role as the suppliers. In halal industry it means that they are the suppliers of various halal products that will be marketed. This role can be maximized if consumers and policy makers support them. Consumers can put pressure on to the producers to make and or to provide halal products. If consumers are consistent to only use halal products, the producers will automatically follow the "tastes" of the market and produce halal products in order to meet the consumer demand.

Management, 31(4) (2014), pp. 367 – 379.

³⁷ Susi Herti Afriani, "Islamic Beauty Socio-Semiotic; Analysis of Facial Foam and Body Lotion Advertisement," *Journal of Indonesian Islam*, 6, 2 (2012), pp. 3-4.

³⁸ <https://www.facebook.com/wardahbeauty/> accessed in 6 June 2017

The next component is the stakeholders, in this case, is the government.³⁹ The government can play a significant role by supporting the halal industry in various ways among them are making standards and regulations on halal industries in various sectors, conducting halal supervision and certification, developing research and studies that support the halal industry and setting legal sanctions on those who violate them. Considering that most of the majority of population in Indonesia is Muslim, regulations requiring producers to only produce products made from halal ingredients is highly needed. At the end, it will also be one of the factors behind the rapid growth of halal industry in Indonesia.⁴⁰

Nevertheless, there are several challenges need to be responded by Wardah Cosmetics in the context of recent developments. These include the fact that the main drive of the halal industry in 2018 will still be based on consumption, the tendency of increasing number of local competitor, the tendency of its importance and urgency, the attempt to protect small industry regarding their new obligation to carry out halal certification. Another study also suggest that there are five challenges in the development of the halal industry. First is the halal industry business opportunities do not have strong base either from regulators, businessmen and women as well as consumers. Second challenge is the limited supply of raw materials that meet the halal criteria. The third challenge is the low understanding regarding the halal industry among many producers. The fourth challenge is the fact that the infrastructures that are not yet supportive. Finally, the fifth challenge is the diversity in the standardization and certification of halal products.⁴¹

Wardah Cosmetics as a Case of Halal Industry

Wardah Cosmetics is one of the brands launched by PT. Paragon Technology and Innovation, which is marketed since 1995. Wardah Signature Beauty reflects a decades-old commitment to always prioritize quality in supporting women to look beautiful according to

³⁹ Fatima Gillani, "Impact of Peer Pressure and Store Atmosphere on Purchase Intention: An Empirical Study on The Youngsters in Pakistan," *International Journal of Academic Research in Business and Social Science*, 2, 7 (2012).

⁴⁰ <https://www.republika.co.id/berita/nasional/umum/17/12/29/p1omp8396-ini-kelemahan-industri-halal-di-indonesia>.

⁴¹ Ibid.

their respective characters. Every creation of Wardah cosmetics and skin care is the result of modern technological processes under the supervision of experts and dermatologists. In 2005, PT. PTI has implemented Good Manufacturing Practice (GMP) and Good Manufacturing Practices for Cosmetics (CPKB). Until now, there are only 80 factories out of 760 factories in Indonesia that have implemented CPKB. In addition, PT. PTI is a model for CPKB implementation for other cosmetics industries. PT. PTI, to date, has had 26 Distribution Centers (DC) in almost all regions of Indonesia. At present, the company also already has DC in Malaysia. Over the past four years the company has grown more than 80% per year, with 26 operational areas and more than 1700 employees throughout Indonesia. The following picture shows the wardah logo and the 3 examples of halal Wardah products.

Picture 1. A series Wardah of Halal Product



Initially, Wardah produces a shampoo as their main product and it was quite successful as it became famous. Afterwards, Wardah saw a larger business opportunity and shifted to target Muslim segment. This is why Wardah gathered ingredients to make cosmetic products that uphold Islamic values which then branded as halal. Wardah Cosmetics has three principles, they are: (1) Pure and Safe, (2) beauty Expert and (3) Inspiring Beauty. In meeting the first principle, Wardah Products contain safe and halal materials that are formulated with consideration of the comfort and peace of the consumers. Wardah Realizes that Asian women's skin is different from European or American women's skin since the dermis (outer) layer tends to be thinner. This condition makes it more sensitive and susceptible to external factors. This very fact, only one fact, is already sufficient to become the foundation of

Wardah's beauty concept stating that Indonesian women's skin needs delicate and correct care with comprehensive protection. Wardah combines the latest technological concepts and formulations that are in line with International Dermatologist Standard with the high quality of natural and safe ingredients. The production processes have to undergo a careful and thorough supervision and test from experts and dermatologists. Before the product being launched, it is a must for Wardah to conduct a blind test so that the products marketed are highly qualified and safe. This is because consumer safety is a top priority and one element that can not be contested. Wardah products are (a) not contain Hydroquinone; (b) Soft; (c) Properly formulated;

Principle (2) Beauty Expert means that Wardah is a beauty expert knowing various types of consumers. Wardah initial image is a cosmetics aimed at Muslim women segment. Yet, it has then developed into a product that can be enjoyed by a wider audience. Wardah believes that being beautiful is universal. A dozen years of experience becoming the choice of many Indonesian women, not only Muslim women, is closely related to how Wardah always innovates and is creative in answering every need. Starting from a series of cosmetics that effectively frame the face with fresh colors to high-quality skin care products. Wardah ensures that each color, powder or soft shading can strengthen the woman's character;

Principle (3) is Inspiring Beauty From 1995 to the present. Wardah claims that it always believes in the inspiring beauty. Indonesian women may have adopted the dynamics of world development, but they never discard the values and polite culture of the east. For Wardah women, beauty is not only about the physical but also about soul. Beauty here is expected to make her feel loving towards herself, as much and as deeply as her love towards others and the surroundings. Wardah promotes that being beautiful is not hard and that a person should begin from the heart to be able to inspire others. For this purpose, Wardah promotes that it will never stop accompanying those women. Therefore, Wardah Signature Beauty is a philosophy; the philosophy that is held true from the beginning of the production process to the forefront of Promotion Sales line of Wardah (www.wardahbeauty.com).⁴²

⁴² www.wardahbeauty.com.

Halal industry does not only deal with the substance of the product but also with the processes of production. Dr. Sari Chairunnisa, SpKK (Director of Raserch and Development) recently states as follows “Halal means both using raw materials that are safe for the skin and are in accordance with Islamic law, and has a production process that is also conducted in accordance with Islamic Sharia and does not hurt other living things”.⁴³ This concept is always applied to all factories that produce various product lines of Wardah, ranging from makeup, facial care, to hair care. In order to showcase this in practice, Wardah has allowed a number of media to have the opportunity to visit the factory where the variety of Wardah products was produced. Having an area of 20 hectares, this factory houses the factory facilities and the Research and Innovation Center, where Wardah ensures the continuous production process of halal products to be consistent with the latest technology and in large capacity. The most important part is the research and innovation center. As Chairunnisa said, “we start everything from here, the research and innovation center. This place is very crucial as everything from ideas, concepts, raw material go to packaging are being discussed here”. Interestingly, Wardah also has a Wardah Museum at the front area. This is where people can learn Wardah’s journey since 1995 until now and how it has positioned itself as the number one halal cosmetics product in Indonesia. Wardah Museum displays a variety of Wardah cosmetics packaging since the beginning, that can be said as simple, to recent times that is argued by them as increasingly more innovative and more efficient. The development is argued to be harmonious with the changing needs of active women in Indonesia. Within the Research and Innovation Center, there are several laboratories are seen with their respective functions. This is where the area called as ‘kitchen’ for researchers and expert staff to be able to create products in a relatively short time (speed to market). The creativity as well as the speed is needed to be able to meet the competitive industry as well as the consumer expectations. The Research and Innovation Center facility is equipped with four main laboratories; the powder laboratory, semisolid laboratory, emulsion laboratory and liquid-surfactant laboratory. These are the places where formulations are made and laboratory-scale trials are conducted.

⁴³ <https://www.suara.com/lifestyle/2019/04/16/103211/sejarah-panjang-kosmetik-halal-indonesia-bersama-wardah>

As mentioned previously, Wardah really puts safety as number one concern. Hence, it is unsurprising that there are series of tests before the product is going to wide market. There are indeed a series of laboratories as well range from supporting laboratories, such as the Stability Testing laboratory, Instrument laboratory to Product Performance laboratory. After the safety being confirmed, these products then are sent to the factory to be produced massively with greater capacity. Until now, Wardah said that it had produced more than 400 products and 135 million products per year. In addition, up until 2020, there are about 230 new products will be launched. This shows how massive wardah as an industry that can catch the wide market in Indonesia. As a pioneer of halal cosmetics in Indonesia, Wardah Cosmetics has received the halal certificate since 1998. Picture 2, shows the halal certificate of MUI.

Cosmetics that are guaranteed in terms of quality and safety are the ones that legally registered in the Food and Drug Supervisory Agency (BPOM). The issue of cosmetics nowadays is expanding as the question does not only ask about quality and safety but also in about the status of it whether it is halal or not. Here, the halal cosmetics become necessary especially for Muslim women who are assumed to always seek for halal products in their daily life. In Indonesia, the status of halal of cosmetics is achieved by receiving recognition of halal through halal certificates from LPPOM MUI. This halal certificate is issued after a series of audits from MUI covering almost all aspects including the evaluation of raw materials and the manufacturing process which also include the quality control process, equipment, buildings and personnel involved in the production of cosmetics. Interestingly, MUI also has issued a Fatwa regarding cosmetics in general that also asserts the halal status of the products being used as a condition for its allowance. MUI stated as follows: the use of cosmetics for the purpose of decoration is *mubah* or allowed from the Islamic legal perspective with several conditions, they are; the materials used are halal and pure, the decoration is intended for the benefit that is in accordance with the Sharia, and the cosmetics is also safe and not harmful.

It is worth noting that the urgency of halal status of the cosmetics has actually lead customers to decide switching to using WARDAH cosmetics as it has had the MUI recognized halal status. Susi, one consumer explain as follows: “Wardah really takes care of its products

which resulted in products that are safe and do not contain mercury which can damage the face. Wardah does not use harmful chemicals. So, it is safe to be used continuously. In addition, for me halal is also the most important aspect. I believe that when it is halal then it is definitely safe and risk-free”.⁴⁴ Here, WARDAH cosmetics is able to present it self to Indonesian market as the cosmetics with innovative formulas that are safe, lawful, practical, and also meet the needs and tastes of every woman.

Picture 2. The MUI Halal Certificate



Meanwhile, from the perspective of the cosmetic manufacturers, the Halal Cosmetics Certificate is Important because is is the guarantee for the consumers that their cosmetics or pharmaceutical are lawful and allowed to be used and or consumed by Muslims who, in their understanding, really require halal products in their life. Using only halal things in life for Muslim is, in industrial players opinion, a thing that cannot be bargained. So, it can be said that both the consumers and manufacturers believe in the importance of halal status of products. Unfortunately, many suggest that the procedure for applying

⁴⁴ Interview with Susi, Jakarta, 26 February 2018.

for the halal certification is difficult and complicated. This is due to complex and long bureaucracy. The complexity also is worsened by the fact that not only that the expenses for halal certificate is quite high, it also sometimes is unclear and hence unpredictable. Unfortunately, the procedure for halal certificate for food segment, that arguably was relatively easier before the booming of halal cosmetics, is affected and becomes more difficult than it used to be. The complexity as well as the unpredictable cost for getting the halal certificate is arguably one of the main factors why there is a large number of foreign investors leaving Indonesia and being reluctant to invest in this country. This is because of the importance of certainty within the business perspective. In their logic, high expenses are still acceptable but uncertain and hence unpredictable expenses are things they are not willing to tolerate. They believe that these two are actually indicators of lack of readiness and professionalism of the government.

Furthermore, before the enactment of the recent act on halal labeling, there was no legal umbrella in previous era in Indonesia. There is no law obliging the halal certification for food and cosmetics industry let alone regulation manages the details of the procedures and mechanism. This is believed to be one of the factors behind the negligence of cosmetic producers to take care of halal labels. The absence of the legal regulation that obliges manufacturers to have and equip their products with halal label is leading to the condition where the manufacturers do not feel the need to have it. Despite the potential need for such certificate among Muslims, there is no sanction or whatsoever towards those who violate this need.

This is quite surprising because Indonesia is the biggest Muslim countries with no less than 200 million Muslims are Indonesian citizens. Yet, there is no basis or regulation in the nation that requires producers to have the halal labels. In contrast, Singapore as a non-Islamic country with Muslim as minority does have such regulation. The Islamic Council of Religion (MUIS) is taking serious effort in requiring food producers to put halal labels on them. In addition to that, the procedures and bureaucracy are very easy. Another critical analysis suggests that one of the reasons behind such gesture by Singapore is the fact that they need tourism, which includes the culinary tourism. It cannot be denied that Muslim tourists are the big market and therefore, any support that will enhance Muslims visit and stay; this surely is expected to also mean the shopping, in Singapore is

also considered important. Whatever the reason is, Singapore has succeeded in optimizing their business potential. Their view on relation between halal industry and profitable tourism industry is certainly in line with business point of view. The absence of guarantee for halal products and food in the country will be a disadvantage; the customers will likely think twice to go, stay and shop there.⁴⁵

There is indeed a very big potential for halal industry including Wardah at the global level. Purwanto, a 45-year-old entrepreneur who is also one of the resellers of the product-marketing network suggests “There is no need in Indonesia anymore. Muslim countries such as Malaysia, Brunei Darussalam or even the East Asian Continent there are wide market for Wardah in the future”. The rise of potential for halal industry is due to the rise of concern, awareness and commitment among Muslims in really applying their Islamic teaching in the daily life, which includes products they consume, and use.

There are indeed verses in Qur’an such as Qs. Al-Baqarah (2):29 and Qs. Al A’raf (7):157 and several hadith commanding the obligation for Muslims to only consume the halal products in their life. In addition, the following hadith narrated by Bukhari and Muslim explains as follows:

“Messenger of Allah Swt. said, “What is lawful is clear and what is unlawful is clear, and all that are between them are doubtful things which many people do not know. So he who guards himself against doubtful things has kept his religion and his honour. But he who falls into doubtful things means that he actually has fallen into the unlawful, [Bukhari and Muslim].

Muslims commonly understand the above verses and hadiths that consuming halal is worship and obeying Allah's commands. On the contrary, consuming what is unlawful is considered a sin as it violates the commandment of Allah that has been explicitly stated in the verse. As a consequence, the consumption of halal products tends to increase and this includes halal cosmetic products such as Wardah. This is in line with the data shown by the increasing graphic of the consumption index of halal products in Indonesia.

⁴⁵ <https://www.kompasiana.com/nisahd/59e45dc15ae55e2e764eeb72/pengalihan-sertifikasi-halal-kepada-pemerintah>

The Dynamics of Purchase Intention of Indonesian Muslims

Wardah's strategy to attract the consumers is through the three principles they are Pure and Safe, Beauty Expert, and Inspiring Beauty. The most important principle, as explained above, is the Pure and Safe tagline. Here, Wardah wants to emphasize that their products are made from safe ingredients and also is free from elements prohibited by Islam. This is important in order to promote that Wardah's cosmetic products are guaranteed in its quality, safety, and lawfulness to be used by Indonesian women. In addition to that, Wardah also offers a breakthrough by intentionally choosing the ambassador with Islamic image namely a public figure who wears hijab. This is aimed at boosting the Islamic and Halal image of Wardah towards the Indonesian Muslim women. However, Wardah does not merely lay on its status as halal cosmetics. It also tries its best to maintain the quality and offer various innovations. They really want to position their brand to the Indonesian consumers as both highly qualified and halal. It is their wish that when Indonesian Muslims see the logo of Wardah, they will directly associate it with high quality and lawfulness. At the end, they want Indonesian Muslim women to think of Wardah as 'a halal product that they must have'.

Actually, the state, as mandated by the law number 39 year 1999,⁴⁶ has to guarantee the right of every religion adherent to be able to conduct the worshipping and observe their religion. This guarantee actually also includes the right of Muslims to be able to consume the products that are in accordance with their religious beliefs. In this regards, the state should govern the mechanism that will support the provision of halal products. This is a necessity since it will bring comfort, safety, and certainty among the society.

There is a close correlation between the success of a product in the market with perception. Every product being marketed will be perceived diversely by the society. Perception, since it is based on subjective review and individual experience and taste might not reflect the objective reality. Nevertheless, no matter how relative is perception, it still plays an important role in the decision process of a consumer whether he or she purchase the product.

In this regards, it is interesting to see what actually is the perception of consumers towards Wardah. From interviews, it can be

⁴⁶ Act no 39 Year 1999.

concluded that most of them will point out to 'the halal' as the key word they think of Wardah. Tessa, a 22 years old student defines wardah as "halalnya itu lho" or literally meaning "its the halal thing". Similarly, Arufah, a thirty years old businesswoman describes Wardah as "halal dan berkualitas" which literally means "lawful/halal and qualified"⁴⁷. Interestingly, the halal status is not the only factor drives the consumers to opt for Wardah as their cosmetics. There are other positive attributes Wardah has that lead consumers to the purchasing and even to their loyalty. Several statements given by the consumers as follows "Wardah has already been registered to BPOM", "compatible with the skin", "natural and affordable", as well as "comfort at the face, natural color, and adapts easily with skin; it also is long lasting"⁴⁸

Several arguments are proposed as reasonings behind their decision to purchase Wardah. One informant stated as follows: "I choose the halal one because it is in line with my faith, therefore I put the status of halal as the number one consideration. Moreover, halal product are safe and riskfree to the skin". In addition to that, Hera, a 45 years old household wife argues that "Wardah is the first cosmetics in Indonesia that has halal certificate. So, it is very compatible with Indonesian Muslim women"⁴⁹

There are several excellences that public perceive in Wardah cosmetics. Natural ingredients and lighter texture are among them. Ani, a thirty-eight years old teacher is attracted to wardah due to the advantages offered starting from the fact that they are affordable, free from mercury, and accessible or easy to find.⁵⁰ Meanwhile, Sri, a 43 years old woman worker said that it is the whitening powder that makes wardah great for her. The product is admitted by her as the most suitable and comfortable to her skin and effective in making her skin fair and smooth⁵¹. Similarly, other interviewees claim that the usage of wardah improves their skin. One of them said that it becomes lighter, clearer and smoother. In addition, lipstick also is not causing the lip drying out. Aini, a thirtyone years old teacher gives testimony as

⁴⁷ Interview with Arufah, 23 April 2019.

⁴⁸ www.wardahbeauty.com

⁴⁹ Interview with Hera (45 years old), 11 May 2019.

⁵⁰ Interview with Aini (31 years old), 17 May 2019.

⁵¹ Interview with Sri (45 years old), 20 May 2019.

follows: “My face no longer suffers from acnes; it also is getting softer and fairer”.⁵²

It is interesting to note that even though wardah cosmetics are associated with the hijab wearing, there might be a weak correlation. Many claim that there is no correlation between the hijab wearing and the usage of wardah. Tessa confirmed this saying that “not really, I firstly use wardah when my heart is still labil. At the time, I only wore hijab when I go to the office and when I go just hanging out with my friends I did not wear it. Yet, for now I am going to always wear it, Gods willing”.⁵³

Despite the success of Wardah in general, a rather different phenomenon is found in the village area or at the village women. Wardah seems to fail penetrating the rural market. Many women still consider Wardah as either expensive or not easy to find. Nirmala, one of the women at the village explains as follows: “People over here know wardah and understand that it is the halal cosmetics. However, wardah is still relatively expensive and also are difficult to find”.⁵⁴. Nevertheless, Wardah still can be considered as a breakthrough in cosmetics industry in Indonesia.

From the data above it is quite clear that halal status is a very important factor taken in to consideration by the consumers in choosing the cosmetics. This importance is held strongly and widely by Muslims in Indonesia who also are the majority. In addition, the data also shows that Wardah is quite successful in being the pioneer of halal cosmetics and it also increasingly becoming more confident in targetting the Muslim women as their priority segment. Hence, they are committed to provide a wide range of cosmetics as well as skincare and haircare that are safe, lawful, and at the same time are highly qualified. There are admittedly other brands that are also claiming their halal status. Yet, Wardah is always seen the number one brand when it comes to halal cosmetics (see table 1).

Another important issue to look at is the issue of safety. An ironic fieldwork findings show that there are unfortunately many illegal cosmetics in Indonesia. More ironically, those illegal cosmetics are also containing hazardous materials. Unsurprisingly, those cosmetics do not

⁵² Interview with Aini (31 years old), 17 May 2019.

⁵³ Interview with Tesa (22 years old), 23 April 2019.

⁵⁴ Interview with Nirmala, 8 July 2019.

have the halal status. This is one big advantage that consumers also consider as they believe the halal status comes together with other expected aspect that is the safety and health of the materials used. Within the process of products purchasing, consumers will make comparison and will do a measurement. Among the variables being considered is the preference. In other words, they will seek not only for the the need fulfilment but also for preference compatibility. This is due to the fact that consumers do not only want to fulfill their needs but also to satisfy their preference. Therefore, a company or manufacturer has to offer good quality as well as the fulfilment of the consumers preference. Hence, Wardah cosmetics has succeeded to be number one products in Indonesia.

Table 1. List of Halal cosmetics

List of halal cosmetics	
1. Wardah	2. PAC
3. Ristra	4. Mustika Ratu
5. La Tulipe	6. Moors
7. Marcks' Venus	8. Mustika Putri
9. Satiayu	10. Biocell
11. Biokos	12. Rivera
13. Caring Colours	14. Theraskin

Source: <https://e-lppommui.org/new/>

The success is due to the fact that Wardah has offer an advantage that differs from other brands and this is the halal status. This distinctiveness is what makes Wardah excels others in marketing as it helps Wardah securing its positioning among Indonesian Muslim women. So, Wardah tried to promote its brand by creating the image of cosmetics with high quality, the one that other cosmetics also will likely offer, and cosmetics with the guaranteed halal status, something that is forgotten by other brands. The strategy hsa proven to succesfully lead to the increasing sales of Wardsh (see table 2).

From the table 2, it is quite apparent that Wardah sales has increased at 2018 in comprasion with the 2017. The attempt that have been taken are giving attention towards the quality and service. Additonally, Wardah also shares inspiration for women that is the importance of following their passion and the lifetyle in accordance to each own unique taste and preference. In doing so, Wardah is trying to be consistent in mantaning their quality and make creative innovations

so that they can compete not only nationally but also internationally. In doing so, Wardah has established various supporting instruments range from strong manufacturer until provision of advisors for giving better service for consumers. The beauty advisors are provided to help consumers in choosing the suitable products for their needs and or skin type. This strategy is affective for Wardah to build and maintain a good and close relation with the costumers. Furthemore, Wardah also has opportunities to encourage the costumers to pursue their dream and embrace each own unique beauty. They are ready for any consumer who needs consultation about skincare, haircare and also cosmetics. This relation is further expanded by being involved within various spheres of public life and industry such as movie, music and creative industry. This is the reflection of wardah commitment to support and encourage their consumers to be active according to their passion.

Tabel 2. Index of Advocacy, Loyalty, and Satisfaction towards Wardah product 2017-2018 (Survey by IOB: cosmetics category)

2017	
Wardah	7,68
Mustika Ratu	7,46
Sariayu	7,34
2018	
Wardah	7,75
Mustika Ratu	7,64
Sariayu	7,41
Viva	7,30

Source: Survey of Institute of Business IOB, SWA, 2018

As mentioned above, the industry of halal cosmetics in Indonesia shows quite a significant increase during 2018. Wardah, as one of the big players of Halal cosmetics industry reaches 30 percent of raise in that year alone.⁵⁵ Interestingly, there is a decrease at quartal sales record of other brands, three of them in fact, that actually have been launched publicly as having halal certificate. This means that Halal certificate does not automatically guarantee the success. There are other supporting factors and here Wardah has offered and here are

⁵⁵ <https://www.msn.com/id-id/ekonomi/ekonomidanbisnis/wardah-tumbuh-30-persen-pada-2018/ar-BBRYqCU>

good quality and continuous innovations. In addition, campaign also plays a significant role in capturing the market.⁵⁶ As mentioned, Wardah puts a lot of effort to campaign for their brands and boost the image by selecting representative ambassador and providing consultation services.

Despite its success in Indonesia, Wardah still has been careful in its attempt going International. Up to now, Wardah still focus to market in Malaysia and the export has been continuously increasing around 5% from 2017. There is surely a promising potential in the global market for Wardah. Reflecting on the success of penetrating the Indonesian market, Wardah also has the ability to be able to penetrate the world market. However, Wardah seems to still prioritize the market in Indonesia and realize both the potential and challenges in the future. Moreover, around 80 percent of cosmetics industry in Indonesia today are dominated by foreign brands. They even already have companies in Indonesia. Here, Wardah has commitment to become the leader in within the nation. Wardah realizes that competition in foreign country must be harder and therefore it focuses on being the leader in the future cosmetics industry in Indonesia. In doing so, Wardah tries to widen the market at every category of cosmetics. In addition, it seeks to lead in every category of cosmetics. At this time, Wardah only succeeds becoming the leader in two categories only: make up and moisturizer. That is why, in the long term, it seeks to become number one at all categories.⁵⁷ The goal is undeniably based on the fact that it has succeeded capturing the needs and preferences of Indonesian women muslims that is the majority of Indonesian population.

Conclusion

Halal industry found its great potential both in Indonesia and globally by realizing the fact that Muslims have special way of life requiring them to consume only lawful, or called as halal, goods in their daily life. These goods include food, pharmaceutical as well as cosmetics, skincare and haircare. The big potential in Halal industry has now been supported by the legal umbrella, a support that

⁵⁶ <https://www.republika.co.id/berita/ekonomi/makro/16/10/01/oc336384-wardah-fokus-consumer-centricuntuk-kuatkan-posisi-di-pasar>

⁵⁷ <https://www.republika.co.id/berita/ekonomi/korporasi/19/01/08/pl0tdr349-wardah-tumbuh-30-persen-pada-2018>

previously did not exist. This regulation obliges the manufacturers to take measures in guarantying the lawfulness of their products indicated by halal certificate issued by MUI. Not only that halal goods can offer the status of lawfulness that is beneficial for Muslim consumers, it also can offer to all religion adherents their logic that halal goods are automatically guaranteed in its purity and quality. Consumers, based on research, are very important and should be prioritized within every consideration of decision made within industry.

Here, Wardah understands the need for halal cosmetics and the great potential market for it. Realizing that consumers are the assets they need to prioritize in their decision, it then initiate the halal cosmetics in Indonesia and has succeeded in implanting the image among Indonesian Muslim women that Halal cosmetics is wardah. Wardah proudly shows that halal certificate issued by MUI in its all the cosmetic products. Despite the comprehension on the importance of halal status among Indonesian market, Wardah also still offer the high quality and the attractive innovations as the advantages of the products so that the customers will value their products as halal cosmetics that are highly qualified and innovative. The brand offers three principles; Pure and safe, beauty experts and inspiring beauty.

Even though Wardah has not yet succeed in penetrating the Rural market area, it is undeniably one of the leading brands in halal cosmetics in Indonesia. This is surely a big accomplishment. There is indeed a close correlation between the halal status of the product with the purchase intention of consumers. This is why Wardah is relatively fast in positioning it self among consumers. Surveys show that Wardah has accomplished its mission to be knows as halal, highly qualified and innovative. Wardah has taken various measures in achieving that range from the manufacturing process to the front line of sales including ambassador and beauty consultant. In sum, Wardah is a good showcase that halal industry has big potential in Indonesia since Indonesian Muslim consumers value the halal industry. The purchase intention of Muslim market is indeed affected by this factor a great deal. []

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MANAGING THE HALAL INDUSTRY AND THE PURCHASE INTENTION OF INDONESIAN MUSLIMS The Case of Wardah Cosmetics

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