Halal cosmetics and consumer behavior: Insight from Millennials

Febrina Mahliza¹, Prita Prasetya²*
Universitas Mercu Buana, Indonesia¹
Universitas Prasetiya Mulya, Indonesia²
Corresponding e-mail: prita.prasetya@pmbs.ac.id*

ABSTRACT

Purpose — This study aims to analyze the consumption behavior of halal cosmetic products, focusing on factors such as halal certification, trust, and awareness of halal practices.

Method — The population for this research comprises residents of Jakarta who fall within the millennial generation category (born between 1980-2000). The research sample size will consist of 170 respondents selected through purposive sampling techniques. Data collection will be conducted through questionnaires, and the analysis will be performed using the Partial Least Square (PLS) analysis method.

Result — Based on the study’s findings, it can be concluded that halal certification has a positive and significant impact on both halal trust and awareness. Additionally, trust exhibits a positive and significant influence on the consumption of halal products, indicating that higher consumer trust is associated with increased consumer behavior in consuming halal cosmetic products. However, it was observed that halal awareness does not significantly affect consumption behavior. This implies that an increase in halal awareness does not necessarily correspond to a higher likelihood of consuming halal cosmetic products.

Novelty — The unique contribution of this research lies in its focused analysis of the consumption behavior associated with halal products. This study builds upon previous research by delving into specific variables that impact behavior, particularly within the context of halal cosmetic products.

Keywords: behavior, halal cosmetics, halal certification, halal awareness, trust

INTRODUCTION

In Indonesia, as the country with the world’s largest Muslim population, Muslims play a crucial role in contributing to the halal industry. The spotlight on the halal industry has intensified during the new normal, where cleanliness takes precedence. This potential is further heightened by the new normal order that prioritizes cleanliness and hygiene (Kamila, 2020). The term "halal" refers to what is permissible or allowed under Islamic law, specifically denoting products suitable for consumption by Muslims (Ambali & Bakar, 2013). The concept of halal underscores the importance of adhering to Islamic principles in cleanliness, safety, manufacturing processes, and production (Hussain et al., 2016).

Halal products encompass various categories, including food and beverages, cosmetics, pharmaceuticals, tourism, and hospitality (Islam & Chandrasekaran, 2015). Notably, cosmetics fall under the category of halal products, with their status contingent on meeting all halal and sharia requirements. This entails ensuring that all ingredients are produced, stored, packaged, and transported in accordance with halal standards.

For Muslim consumers, the consumption of halal products is an obligation, and they must have confidence that the products they use adhere to halal principles. Despite Indonesia having the world’s largest Muslim population, it has not ranked among the top 10 countries in the halal cosmetic product cluster based on the Global Islamic Economic Rating Indicator 2018/2019 (Indonesian Ministry of National Development Planning, 2019). However, Indonesia is
anticipated to be a significant driver for halal-certified cosmetics, with a projected 270 million population requiring a halal label by 2024 (DinarStandard, 2020).

The increase in religious awareness and the accessibility of information on halal trends has led to a growing demand for halal certification. Halal certification, provided by a certification agency, serves as a written statement confirming a product's compliance with Islamic law and is often presented in the form of a certificate, logo, trademark, or stamp (Al-Mazeedi et al., 2013; Nawi & Nasir, 2014). The purpose of halal certification is to instill confidence among Muslims and instigate trust for business entities. It is noteworthy that some local cosmetic products in Indonesia have already obtained halal certification, contributing to consumer trust (Bakar et al., 2017). This aligns with the findings of Omar et al. (2012), emphasizing the importance of a credible halal logo as the primary means for consumers to ascertain a product's halal status. Manufacturers include halal certification to bolster consumer confidence (Rahman et al., 2015), with numerous studies affirming the positive impact of halal certification on consumer confidence in halal products (Novagusda & Deriawan, 2019; Yusuf et al., 2019; Mangkarto, 2005).

Halal certification serves as a crucial quality assurance measure, highly valued by consumers, leading to broader acceptance of products (Rajagopal et al., 2011). The impact of halal certification on an individual's halal awareness has been explored by Ambali and Bakar (2014) as well as Pramintasari and Fatmawati (2017), both highlighting the influence of halal certification on raising awareness. While some studies, such as that of Ishaq and Prayoga (2017), argue that halal certification does not necessarily affect halal awareness, indicating that it is not a guaranteed factor influencing consumers' awareness. Moreover, the significance of halal logo certification, despite its high index, ranks third among factors affecting halal awareness (Kurniawati & Savitri, 2019).

Consumers who opt for halal cosmetic products are driven by the expectation of high-value goods, fostering confidence in the reliability of these products (Handriana et al., 2020). Trust, defined as a psychological state reflecting confidence in the reliability and integrity of the exchange partner (Erkmen & Hancer, 2019), plays a crucial role in consumer behavior: Trust can substantially influence shopping behavior (Bianchi & Andrews, 2012; Jean-Pierre & Porral, 2016). Muslim consumers, placing importance on adherence to Sharia principles and health and safety standards, consider halal-labeled products as their preferred choice for shopping and actively recommend them to others (Muflih & Juliana, 2020).

As consumer awareness regarding the importance of consuming halal products grows, there is a positive impact on their interest in purchasing such products. Halal awareness involves understanding what is permissible or prohibited for consumption according to Islamic principles (Pramintasari & Fatmawati, 2017). The deeper a Muslim's understanding of halal, the more positively they respond to issues related to halal (Vizano et al., 2021).

Drawing on the insights from these studies, the consumption behavior of halal products can be examined through the lenses of halal certification, trust, and awareness. Developing research models in the context of halal cosmetic products is crucial for building on prior research efforts. This study serves as additional information for local halal cosmetic producers, contributing to an understanding of consumer behavior towards halal cosmetic products in Indonesia. Therefore, the primary objective of this research is to assess the consumption behavior of halal cosmetic products based on halal certification, trust, and halal awareness.

**METHOD**

This research adopts a causal research design, aiming to elucidate the impact of the independent variable on the dependent variable. Employing both quantitative and qualitative approaches, this method was selected to offer a comprehensive understanding of the consumption behavior of halal cosmetic products. The investigation encompasses the examination of the influence of halal certification on halal belief and awareness, and subsequently, their combined effect on consumption behavior.
The study targets Jakarta residents falling within the millennial generation category (born between 1980-2000) as the research population. Due to the absence of a complete sampling frame, a non-probability sampling technique, specifically purposive sampling, is employed. Respondents are selected based on the following criteria: (1) Muslim, (2) born between 1980-2000, and (3) have purchased and used local halal cosmetic products at least once.

Considering the absence of a complete sampling frame and the planned use of Structural Equation Modeling (SEM) analysis, the research necessitates a sample size of at least five times the number of parameters to be analyzed (Ferdinand, 2014). With 17 indicators in the study, the minimum required sample is calculated as 85 respondents. However, considering the demographic distribution of the millennial generation in Jakarta, the target respondent number for this research is set at 170 (10 times 17 indicators).

The research employs Component or variance-based Structural Equation Modeling, a variant of SEM known as Partial Least Square (PLS). SEM-PLS comprises both a measurement model and a structural model (Ghozali & Latan, 2015). The research model and hypotheses are outlined in Figure 1.

**Figure 1. Research model**

- **Halal Certification**
- **Halal Awareness**
- **Trust**
- **Behavior**

H1, H2, H3, H4

**Source:** Modified by the authors (2023)

**Hypotheses development**

**Halal certification and trust**

Halal certification serves as a clear indicator that a product complies with halal requirements (Razalli et al., 2013). Manufacturers of halal products often include halal certification to enhance consumer confidence (Rahman et al., 2015). The positive impact of halal certification on consumer confidence has been substantiated in previous studies (Mangkarto, 2005; Novagusda & Deriawan, 2019). Essentially, the presence of halal certification communicates to consumers that a product meets the necessary halal standards.
Given this background, the following hypothesis is formulated:

**H1:** Halal certification has a positive effect on trust

**Halal certification and halal awareness**

Halal certification has been identified as a factor influencing an individual’s halal awareness, as evidenced by studies by Ambali and Bakar (2014) and Pramintasari and Fatmawati (2017). The perception of consumers regarding halal certification is associated with an increased awareness of the halal status of a product. Additionally, halal certification serves as a quality assurance mechanism highly valued by consumers, leading to a broader acceptance of products (Rajagopal et al., 2011). The certification guarantees that the product adheres to the requirements of a legitimate Islamic certification authority, thereby shaping consumers’ awareness of the product’s halal status.

Based on this understanding, the following hypothesis is formulated:

**H2:** Halal certification has a positive effect on halal awareness

**Trust and behavior**

Muslim consumers exhibit a strong belief that products labeled as halal adhere to Sharia principles and meet health and safety standards. Consequently, these consumers consistently prioritize halal-labeled products when shopping and actively recommend them to others (Muflih & Juliana, 2020). The consumption behavior of halal products manifests in various ways, including the regular use, routine purchases, preference for halal over non-halal products, and significant budget allocations for halal product purchases (Adiba, 2019).

Trust in halal products is a key determinant in consumer behavior, reflected in the perception that the product performs as expected, is reliable, and can be trusted. This trust contributes to increased confidence in purchasing halal products and influences consumer behavior. In line with this understanding, the hypothesis H3 is formulated as follows:

**H3:** Trust has a positive effect on the consumption behavior of halal cosmetic products

**Halal awareness and behavior**

In the context of halal, awareness refers to understanding or possessing knowledge about what is permissible or good to consume and what is prohibited or unsuitable for Muslims in the food they consume (Pramintasari & Fatmawati, 2017). Consumers actively seek what is deemed good and valuable for consumption. The depth of a Muslim’s understanding of halal correlates with a more positive attitude and behavior towards halal-related matters (Vizano et al., 2021). A high level of halal awareness implies that consumers perceive halal as essential to their lifestyle, consequently fostering an increase in halal consumption behavior.

Based on this premise, the following hypothesis is proposed:

**H4:** Halal awareness has a positive effect on the consumption behavior of halal cosmetic products

**RESULT AND DISCUSSION**

**Respondents profile**

The majority of respondents, comprising 71 individuals (69.61%), fall within the age range of 22-32 years, with 55 of them being unmarried (53.92%). The prevalent employment status is that of private employees, accounting for 42 individuals (41.18%). In terms of educational
background, the majority have completed high school or an equivalent qualification, totaling 44 individuals (43.13%).

Partial Least Square (PLS) analysis

Outer model

The final model demonstrates convergent validity, as evidenced by all indicator outer loading values surpassing 0.7 (refer to Figure 2). Discriminant validity criteria are met for all constructs within the model. Construct validity is further affirmed by assessing the Average Variance Extracted (AVE) values, with each construct exceeding 0.5, indicating a robust model. Additionally, a construct reliability test supports the model's credibility, with all constructs exhibiting good reliability, as evidenced by composite reliability and Cronbach's alpha values exceeding 0.7.

Figure 2. PLS algorithm results

Source: Processed data (2023)

Inner model

The model's evaluation encompasses three R-Square values, as detailed in Table 1. First, in examining the effect of halal certification on trust, the R-Square value stands at 0.647. This implies that 64.7% of the variability in the trust construct can be elucidated by the halal certification construct, while the remaining 35.3% is attributed to variables outside the purview of the current research. Second, regarding the impact of halal certification on halal awareness, the R-Square value is 0.543, indicating that 54.3% of the variability in the halal awareness construct is explained by the halal certification construct. Meanwhile, 45.7% is influenced by variables beyond the scope of the study. Finally, the collective influence of trust and halal awareness on behavior results in an R-Square of 0.648. This means that 64.8% of the variability in the behavioral construct can be accounted for by the constructs of trust and halal awareness, while the remaining 35.2% is explained by other variables not explored in this research.
Furthermore, tests were carried out to determine prediction capabilities with a blindfolding procedure. A Q-square value greater than zero indicates that the model has a predictive relevance value while a Q-square value less than 0 (zero) indicates that the model lacks predictive relevance.

Examining Table 2, a Q-square value greater than zero emerges as an indicator of the model's predictive relevance. Moving forward, the hypothesis significance test becomes crucial, scrutinizing parameter coefficients and t-statistic significance values as outlined in Table 3.

In the case of the effect of halal certification on trust, the parameter coefficient magnitude is 0.804, and the p-value significance is below 0.05, leading to the acceptance of H1. Similarly, for the effect of halal certification on halal awareness, the parameter coefficient magnitude is 0.737, and the p-value significance is below 0.05, resulting in the acceptance of H2. In the context of the influence of trust on behavior, the coefficient magnitude is 0.599, and the p-value significance is below 0.05, leading to the acceptance of H3.

However, for the influence of halal awareness on behavior, the parameter coefficient magnitude is 0.261, and the p-value significance is above 0.05, prompting the rejection of H4. In summary, these results indicate that not all hypotheses can be accepted, emphasizing the importance of a nuanced interpretation of the model's findings and potential areas for further investigation.

Table 1. R-Square value

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavior</td>
<td>0.648</td>
</tr>
<tr>
<td>Halal Awareness</td>
<td>0.543</td>
</tr>
<tr>
<td>Trust</td>
<td>0.647</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

Table 2. Q-square value

<table>
<thead>
<tr>
<th>Variable</th>
<th>SSO</th>
<th>SSE</th>
<th>Q² (=1-SSE/SSO)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavior</td>
<td>408,000</td>
<td>220,035</td>
<td>0.461</td>
</tr>
<tr>
<td>Halal Awareness</td>
<td>408,000</td>
<td>268,485</td>
<td>0.342</td>
</tr>
<tr>
<td>Halal Certification</td>
<td>408,000</td>
<td>408,000</td>
<td>0.000</td>
</tr>
<tr>
<td>Trust</td>
<td>408,000</td>
<td>227,859</td>
<td>0.442</td>
</tr>
</tbody>
</table>

Source: Processed data (2023)

Table 3. Path coefficients

| Variable                         | Original Sample Mean (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|----------------------------------|--------------------------|-----------------|-----------------------------|---------------|----------|
| Halal Awareness -> Behavior      | 0.261                    | 0.280           | 0.165                       | 1.579         | 0.058    |
| Halal Certification -> Halal Awareness | 0.737                 | 0.745           | 0.061                       | 12.087        | 0.000    |
| Halal Certification -> Trust     | 0.804                    | 0.804           | 0.046                       | 17.463        | 0.000    |
| Trust -> Behavior                | 0.599                    | 0.581           | 0.132                       | 4.520         | 0.000    |

Source: Processed data (2023)
Discussion

The effect of halal certification on trust

Halal certification has been demonstrated to exert a positive and significant impact on trust, as evident from the results of the H1 test. The higher the consumer perception regarding the halal certification of cosmetic products, the greater the confidence in these halal cosmetic products. This finding aligns with previous research by Novagusda & Deriawan (2019) and Yusuf et al. (2019), which indicated that halal certification positively influences consumer confidence. Additionally, Mangkarto (2005) found that halal certification enhances consumer confidence in halal products. Consequently, manufacturers of halal products actively incorporate halal certification to bolster consumer confidence, as highlighted by Rahman et al. (2015).

It is imperative for halal certification to include a halal label on cosmetic product packaging. The inclusion of the Majelis Ulama Indonesia (MUI) halal label instills a sense of reassurance among consumers when using and consuming cosmetic products. This halal certification serves as a distinctive appeal, particularly to the millennial generation, given their awareness of the significance of halal products as a safety guarantee. Notably, the millennial generation is characterized by easy access to product information. This certification provides consumers with the assurance that the cosmetics are safe for consumption, thereby augmenting confidence in halal cosmetic products.

The effect of halal certification on halal awareness

Halal certification has been shown to have a positive and significant impact on halal awareness, as evidenced by the results of the H2 test. The higher the consumer perception of halal certification for halal cosmetic products, the greater the awareness among consumers regarding these products. This finding is consistent with earlier studies conducted by Ambali & Bakar (2014) and Pramintasari & Fatmawati (2017), which demonstrate the influence of halal certification on halal awareness. Consumers perceive halal certification as a reassurance of product quality.

The halal status of a product can influence consumer behavior by aligning with their needs and expectations. Halal awareness is manifested in consumers’ understanding of halal cosmetics, extending beyond considerations of cleanliness and safety to encompass the halal processing of cosmetic products. Halal labeling, featuring a halal statement on the product packaging, signifies the halal status of the cosmetic product, issued by a government-authorized institution. To adhere to these regulations, the production process is conducted in a reasonable, ethical, hygienic, safe, and quality-oriented manner. This certification plays a crucial role in enhancing consumer awareness of halal cosmetic products.

The effect of trust on behavior

Trust has been demonstrated to exert a positive and significant impact on behavior, as indicated by the results of the H3 test. Higher consumer confidence in halal cosmetic products correlates with increased consumer behavior in the consumption of these products. This finding is consistent with the studies of Bianchi & Andrews (2012) and Jean-Pierre & Porral (2016), which emphasize the pivotal role of trust in influencing shopping behavior. In the context of Muslim consumers, the belief that halal-labeled products adhere to Sharia principles and health and safety standards leads them to consistently prioritize and recommend such products, as highlighted by Muflih & Juliana (2020).

Trust in halal cosmetic products reflects consumers’ perception that these products are more reliable. Additionally, the adherence to Majelis Ulama Indonesian (MUI) regulatory standards contributes to the belief that halal products possess superior quality. Consumer expectations regarding quality further drive the preference for halal products in their behavior. As a result,
consumers consistently choose halal products as their primary option when shopping. Positive beliefs surrounding trust undoubtedly exert a substantial influence on consumer behavior.

The effect of halal awareness on behavior
Halal awareness has been found to have a positive yet insignificant impact, as indicated by the rejected H4 test results. Contrary to prior research, such as the findings of Vizano et al. (2021), which suggested a positive relationship between a Muslim's understanding of halal and their behavior, this study did not observe a statistically significant correlation.

This awareness, manifested in knowledge about halal cosmetic products and adherence to religious teachings, leads consumers to perceive halal products as clean, safe, and carefully processed. Consequently, consumers are motivated to prefer halal cosmetics, driven by the belief in the product's goodness. Despite this positive association, the study did not find a statistically significant influence of halal awareness on behavior. The positive attributes associated with halal cosmetic products, such as cleanliness and safety, contribute to a sense of calm among consumers during consumption and usage.

While awareness typically plays a crucial role in shaping individual behavior by explaining perceptions, cognitive reactions, and behavior towards consumption, the lack of statistical significance in this study suggests the presence of other influencing factors. The subjective nature of awareness, varying among individuals, underscores the need for further exploration of additional factors that may contribute to the relationship between halal awareness and behavior.

CONCLUSION
This research centers on the consumption behavior of halal cosmetic products, specifically examining the influence of halal certification, trust, and awareness. Notably, halal certification demonstrates a positive and significant effect on both halal trust and awareness. As the consumer's perception of halal certification increases, so does their trust and awareness of halal cosmetic products. Trust, in turn, plays a pivotal role in influencing halal consumption behavior. However, an intriguing finding from this research is that halal awareness does not significantly impact halal consumption behavior.

For managerial implications, cosmetics manufacturers can leverage the study's findings to inform business activities, particularly in understanding consumer behavior and confidence in consuming halal cosmetic products. Consumers attribute significance to halal-certified cosmetic products, perceiving them as essential. The presence of halal certificates enhances trust by instilling confidence in consumers that halal cosmetic products adhere to cleanliness and safety standards.

Furthermore, future research avenues could explore consumer behavior related to halal cosmetics by incorporating additional variables, such as individual, psychological, social, and cultural factors. Additionally, researchers may delve into the examination of moderation and mediation variables for a more comprehensive understanding and discussion of the dynamics at play in the context of halal cosmetic consumption behavior.

REFERENCES


