

Halal cosmetics are healthy, organic products

SURAJ SINGH

THE term 'Halal' means lawful or permissible. Halal cosmetics are body and skin care products that do not contain alcohol, pork and animal food ingredients forbidden by Islam. Halal cosmetics are healthy, organic products, and the process of Halal cosmetics products throughout the supply chain, from manufacturing to packaging, adheres to the Islamic law.

Rise in Muslim population to drive growth

The global Halal cosmetics market was around US\$21 billion in 2017 and expected to increase at a CAGR of nearly 12% to US\$52

bilions (such as alcohol, gelatine and fat, and pig-derived collagen) used in conventional cosmetics and their transdermal nature is boosting demand for Halal cosmetics in Asia, especially within the Muslim community.

Non-Muslim consumers are increasingly adopting Halal cosmetics due to their organic nature and health benefits. Veganism, whose followers refrain from using animal products, is another trend gaining popularity among Non-Muslim consumers globally. This is likely to have a positive impact on demand in the Halal cosmetics industry.

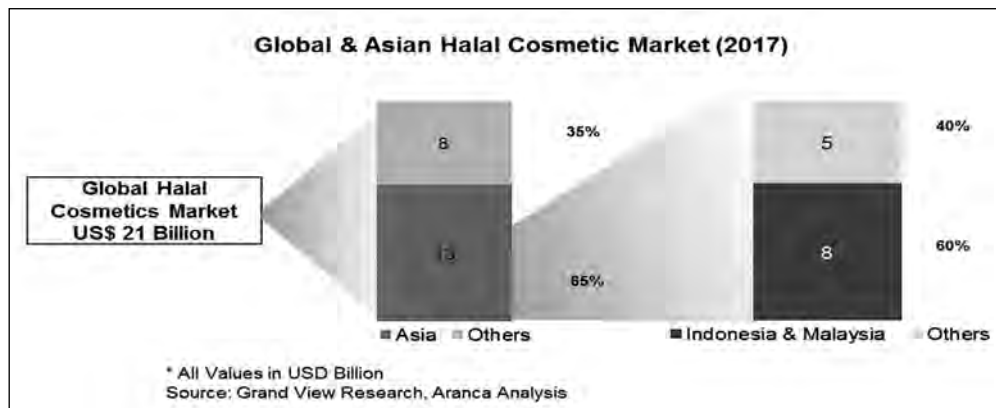
Asia is the largest market for Halal cosmetics; the market stood at around US\$13 billion in 2017 and is estimated to expand at a CAGR of 12.6% to nearly US\$35 billion by 2025.

Among the major growth drivers in the Halal cosmetics market is the increasing Muslim population in Asia, which stood at 985 million in 2017 and is projected to rise at a CAGR of 1.28% to 1,083 million by 2025. According to a report titled Global Halal Cosmetic Product Market Outlook 2023 by Research Nester, 20% of the Muslim population globally is concerned with ingredients used in consumer products and prefers certified Halal products as they fulfil religious requirements.



Around 87% of Indonesia's population is Muslim. The country has undertaken various extreme measures to ensure the use of Halal cosmetics in the country. According to a new law, all imported cosmetics products would have to comply with national Halal standards by 2019. In Indonesia, 58% of women prefer Halal cosmetics products.

In Malaysia, where 60% of the population is Muslim, Islam is the state religion; this makes it a lucrative market for companies selling Halal products. Malaysia has around 100 Halal cosmetics companies selling 400 products. The Malaysian government is investing in promotional activities and programmes to position the country as the hub of Halal products globally, and believes it has great potential to emerge as the global hub of Halal cosmetics and toiletries. Department of Islamic Development Malaysia (JAKIM) is responsible for regulating and certifying Halal products, including cosmetics and its certification is recognised worldwide.

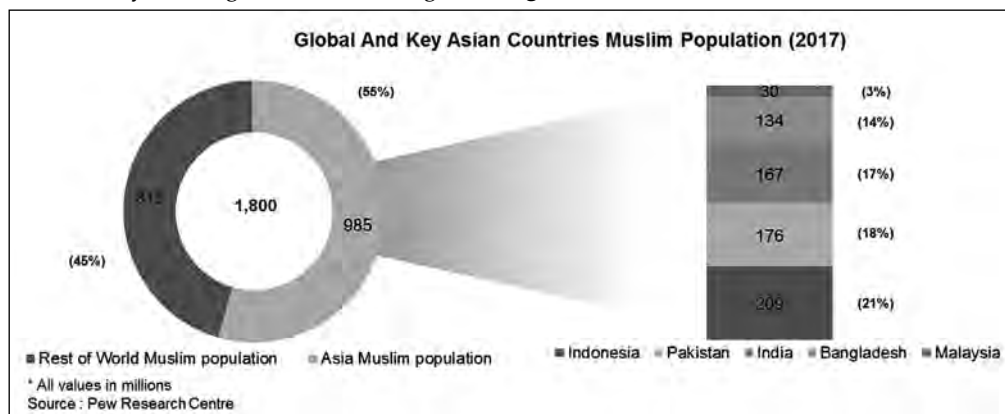


billion by 2025. Growth in the market is largely ascribed to a rise in the Muslim population, around 1.8 billion in 2017 and is expected to rise at a CAGR of 1.34% to 2.0 billion by 2025.

A rise in the Muslim population, coupled with a growing awareness on Halal cosmetics products that comply with religious belief, is expected to drive the market. Additionally, a rising awareness on ingredi-

Malaysia and Indonesia account for 60% of the total Asian Halal cosmetics market. Other Asian countries, such as India, Pakistan, China and Bangladesh, are expected to witness significant demand in Halal cosmetics owing to considerable improvement in the socioeconomic conditions of Muslims.

Muslim dominated countries to drive growth



Ambiguity in certifications and regulations

The Asian Halal cosmetics market is not fully developed, with domestic and global brands facing various challenges within the market. Companies that plan to enter the market are faced with a number of difficulties, weighed by the lack of a single, unified global Halal standard. Halal guidelines differ from country to country and have high associated cost as manufacturers have to invest in a costly process that requires manufacturing, production, packaging and transportation processes to adhere to Halal principles across

Halal market is still in the nascent stage

CONTINUED FROM P 51 ►

the supply chain.

Other factors such as fake certifications and counterfeit Halal logos are impeding growth in the Halal market. Recently, at the Halfest Giant 2018 Halal expo in Malaysia, the Ministry of Domestic Trade and Consumer Affairs announced it had seized 17 million products for using fake Halal logos.

Key companies in Asian Halal cosmetics market

Most of the companies operating in the Asian Halal cosmetics market are run by local players. In Indonesia, Wardah is the first domestic Halal cosmetics company in the country that claims to control approximately 30% of the market's makeup segment. Global brands such as Unilever, L'Oréal and Procter & Gamble are entering the Halal market in Indonesia. Around nine factories of Unilever

in the country meet Halal standards and own five of the top 10 beauty and personal care brands in Indonesia. L'Oréal has more than 100 Halal-certified products in the Indonesian market.

IBA Halal Care Company is the first and only certified Halal cosmetics company in India. It has a portfolio of more than 60 products and has expanded its operations in around 12 states. The company also exports to countries such as South Africa, Kazakhstan, the US, Australia and Russia. The domestic Halal cosmetics players in Malaysia are Ivy Beauty Corporation and Wipro Unza Group.

Social media platforms such as Facebook, YouTube and beauty blogs and targeted channels play an important role in increasing awareness on Halal-certified products. Wardah, an Indonesian brand, recently launched a successful campaign through the

use of social media. The company invited beauty vloggers and bloggers to post their experiences of the company's products on their social channels.

Outlook

Globally, the Halal cosmetics market is expected to be driven by a high Muslim population and increasing demand from non-Muslim consumers. Currently, the market is monopolised by local players, but global brands are increasingly capturing market share in the new segment. The Halal cosmetics market is still in the nascent stage compared with the food and beverage Halal market due to the lack of a unified global Halal cosmetics standard and costly compliance processes, which act as entry barriers for new entrants.

References

- Grand View Research Inc, Halal Cosmetic Market , 22 March 2017
- Grand View Research Inc, Halal Cosmetics Market Analysis, Feb 2017
- Pew Research Center, Muslim Population Worldwide, 18 December 2012
- Future Market InsightsFuture Market Insights, Asia Pacific Halal Cosmetics – A Latent Market, Likely to Unfold, 14 November 2017
- EMAG, The Rise of Halal Cosmetics in Indonesia, 10 April 2018
- International Trade Administration, Asia Personal Care & Cosmetics Market Guide, 2016
- Global Islamic Economic Gateway, Malaysia halal cosmetics: Looking good at home and stepping out abroad, 3 April 2017
- GuavaPass, 11 Halal cosmetic brands you didn't know about, 13 July 2017
- PressReader, 17 million products with fake halal logo seized, 19 October 2018
- Reuters,RPT-Consumer giants court Muslims with halal face creams, shampoos, 2 September 2016
- The Express Tribune, Depilex owner launches 'halal' makeup range,18 April 2015
- Pharmaceutical Regulatory Affairs, Malaysian Cosmetic Market: Current and Future Prospects, 23 October 2015

Key companies in Asian Halal cosmetics market

Company Name	Headquarters	Local/MNC	Types of Products	Geographical Presence
Paragon Technology and Innovation PT (Wardah brand)	Indonesia	Local	Makeup, skin care, fragrance	Stores in Indonesia, Malaysia currently offer products at <u>22,000</u> store locations
IBA Halal Care	India	Local	Creams and lotions, shampoos, conditioners, hair oil, lipsticks, soaps, perfumes	Supplies within India and exports to South Africa, Kazakhstan, the US, Australia and Russia
Ivy Beauty Corporation Sdn Bhd	Malaysia	Local	Shampoos, body lotions and scrubs, skin care, men's toiletries	Supplies within Indonesia and exports products to various others countries (Thailand, Vietnam, Cambodia, Mauritius, Madagascar and South Africa)
Wipro Unza Group(Safi Brand)	Malaysia	Local	Skin care, personal care, collagen	Operates in Malaysia
L'Oréal	France	MNC	Total 100 Halal products. Under the Garnier brand, face washes, skin lightening creams	Operates in Indonesia and neighbouring countries in Southeast Asia
Unilever	Netherlands	MNC	Dove branded products, soap bars, personal care liquids, toothpastes, personal care / skin products	Supplies within Indonesia and plans to expanding sales to other parts of Southeast Asia and Australia
Masarrat Misbah	Pakistan	Local	Eye shadows, blushes, lipsticks, and other makeup	Operates in Pakistan

(Singh is a consultant, business research and advisory at Aranca. He can be contacted at suraj.singh@aranca.com)