



Backstage at an Indonesia Muslim pageant in Jakarta.

MEETING NEW STANDARDS

Assessing the implications of Indonesia's soon-to-be implemented regulations regarding halal beauty products. *By* TIFFANY AP

COSMETICS COMPANIES ARE closely watching as the calendar nears Oct. 17, the date when Indonesia is set to introduce new regulations that would require halal certification procedure for all beauty products.

While the requirement, which also extends to food and medicine, is expected to be implemented over the course of the next five years, allowing firms a much-needed grace period, the move underscores a burgeoning beauty sector for global personal care: halal products.

Indeed, Indonesia is a key emerging market. The country's beauty care sector is expected to be worth about \$6 billion this year and increase to almost \$8.5 billion by 2022, according to Euromonitor International, propelled by rising discretionary incomes and increasing female participation in the workforce. The country is also home to a large and youthful population, where 88 percent of its 270 million strong population identify as Muslim.

While it remains uncertain exactly how the Indonesia Ulema Council will define halal with respect to beauty, and designation requirements vary from country to country, some main principles are universal.

Generally speaking, for beauty products to be considered halal, they must be free of substances derived from "forbidden" animals such as pigs, dogs and insects. In beauty, this usually appears

in the form of gelatin, which sometimes contains pig byproducts; cochineal, a red pigment from beetles, or alcohol. Cruelty to animals is also not permitted under Islamic laws.

"The biggest challenge is in fragrance, alcohol, whether they will put that as part of the regulation," says Nussy Wisesa, the Indonesian country manager for beauty distributor Luxasia, which works with Bulgari, Burberry and Calvin Klein, among others. Fragrance-makers can adapt by creating perfume oil, but a different formulation can alter the product's performance.

Beyond the ingredient list, there are functional considerations, too. During ablutions, or the ritual cleansing before prayers, water must make direct contact with the skin in order to be considered wudu. This can be a tricky scenario for Muslim women who wear cosmetics, especially since prayers are five times a day.

As a result, consumers often look for water-soluble makeup that can be easily removed, and makeup that is easy to reapply afterward. Others who adhere less strictly opt for cosmetics that are waterproof and long-lasting enough to withstand multiple ablutions in a day.

Beauty brand Zahara worked around this by developing a "breathable" nail polish formula, which allows oxygen and water to pass through the surface of the polish to reach the nails, meeting the wudu standard.

"Definitely halal cosmetics existed when I first started, but they weren't really at the stage they are now," says Amira Geneid, founder of Zahara. "They've grown so much—even in the last three years. Before it was hyper local brands that weren't at international standards, but now we're seeing some international companies getting in on halal cosmetics."

The market is indeed promising, as illustrated by the success of homegrown firm, Wardah, which has grown to quickly dominate the sector. According to Wisesa, the brand shot to the number-one position in five years, with 35 percent of the total beauty market share in Indonesia.

Research from the Singaporean intelligence firm 6Estates shows that local firms overall are capturing the market better than the international players. In 2018, over half of Indonesia's most discussed brands online—Wardah, Maybelline New York, Emina, Pixy, Laneige, Viva, Innisfree, Purbasari, Make Over and L'Oréal—were local.

But halal certification is merely a starting point to connecting with the consumer. Local brands are riding on the wave of two particular trends. One is the alignment with an Islamic lifestyle and the second is the accommodation of darker skin tones.

Emina, for example, another fast-growing brand, encourages its customers to be comfortable in their own skin, in line with changing beauty perceptions in Indonesia, where darker complexions are starting to be embraced.

"This is much more than just halal compliance, but also being able to provide products for Muslim consumers that meet their needs and wants," says Marcos Nakagawa, Unilever's vice president for beauty and personal care, Southeast Asia. "Market-specific innovation and agility allows us to respond to trends and new high-growth segments such as Muslim beauty, which is a big opportunity globally."

Although oil-rich Arab states may still have a significant edge in spending power on a per capita basis, Asian countries are positioned to play an integral role in developing this area, particularly Indonesia. "Malaysia has more developed cities, but they are very largely Korea influenced," says Sharon Kwek, a senior analyst at Mintel. "In Indonesia, we see local brands creating innovation and products to cater to the local consumer."

Companies with halal-friendly products have significant upside, since the designation can essentially be used interchangeably for vegan or cruelty-free, segments that are on the rise globally, said the testing and compliance firm SGS.

"Halal cosmetics are seen as wholesome," said a SGS spokesperson. "With a growing interest in eco-ethical conscious products affecting markets all around the world, terms such as vegan and organic are adding a premium price to a product. Halal is seen by many as comparable, because it offers an assurance that the product is safe and has been manufactured to high and specific standards." ■