

# **Halal Overview in the Cosmetic Industry**

**Potential Market,  
Challenges & Opportunities**

**by Dewi Rijah Sari**

**2020 One Asia Cosmetics & Beauty Forum**

# Speaker's Profile



## **Dewi Rijah Sari** *Expert Consultant*



- Pharmacist, Master of Science, Bandung Institute of Technology, Indonesia
- Cosmetics Safety Assessor education in Brussels and Germany.
- Executive Chairman, Indonesia Imported Cosmetics Association (APKII)
- Vice President Scientific Affairs, ASEAN Cosmetics Association (ACA)
- Expert Team member, Indonesia Cosmetics Association (PERKOSMI)
- Certified Halal Auditor & Halal Trainer
- Guest Lecturer of Pharmaceutical Master Degree in the universities

Dewi has more than 23 years of working experiences in diverse range area of R&D, Product Development, Business Development, Halal Assurance System, Scientific and Regulatory Affairs in prominent multinational & local cosmetics and pharmaceuticals companies in Indonesia.

# Outline

- Background
- Key Market Figures
- Terminology
- Halal Certification Perspectives
- Why halal cosmetics ?
- What is halal cosmetics ?
  - Halal Key Understanding
  - Halal Certification Preparation
  - Challenges
  - Opportunities
  - Recommendation

# Background



South East Asia & South Asia  
Muslim Population  $\pm$  1 billions



Worldwide Muslim Population  $\pm$  1.8 billions  
(24% of Worldwide Population)



Indonesia Muslim Population  
 $\pm$  215 millions  
(13% of Worldwide Muslim Population)  
The largest Muslim population in the world

# Key Market Figures - Total



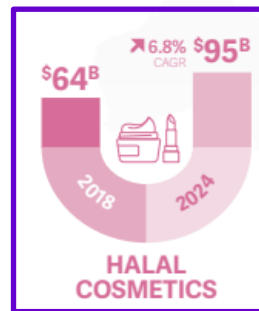
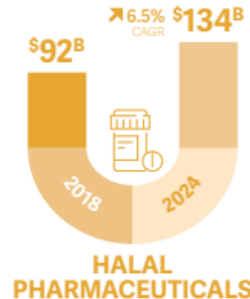
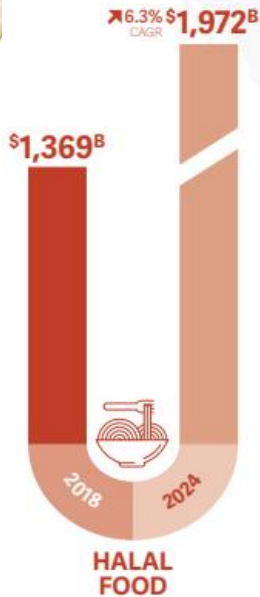
## CONSUMER OPPORTUNITY

**\$2.2 TRILLION** spending **5.2%** year on year growth by

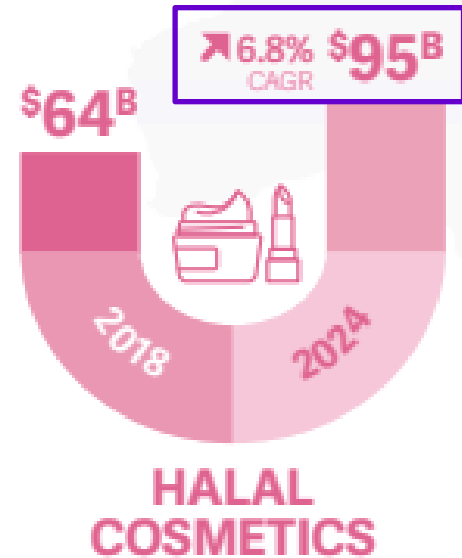
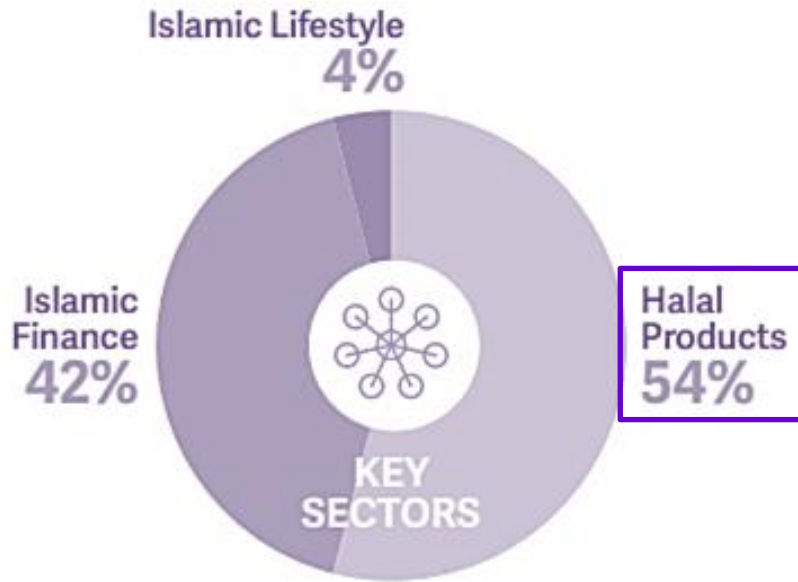
Projected CAGR growth **6.2%** 2018-24 to

**1.8 BILLION** Muslims across **6** real economy sectors

**\$3.2 TRILLION** by 2024



# Key Market Figures



There is a steady growth in halal cosmetic market globally driven by rise in Muslim population & consumer awareness for halal products.

# Key Market Figures - Cosmetics

## CONSUMER OPPORTUNITY



**\$64** BILLION of spending by



**1.8** BILLION Muslims on cosmetics (2018 est.)

**4.9%** year on year growth

Projected CAGR growth

**6.8%** 2018-24 to

**\$95** BILLION by 2024

Muslim Spend on Cosmetics  
**8%**



**GLOBAL SPEND ON COSMETICS**  
(\$8 TRILLION)



**\$11.7** BILLION

of Cosmetics exports to OIC\* countries 2018



**\$1** BILLION EXPORT  
UNITED STATES

#4

Halal cosmetics is a further growth area.

Moslem spend on cosmetics is estimated at **\$64 billion in 2018** and is forecast to reach **\$95 billion by 2024**.

# Terminology



## HALAL

Halal means permissible or lawful according to Islamic Sharia Law. Basically all things in the world are Halal, unless there is a prohibition mentioned in Al-Quran or Hadits.

## THAYYIB

Thoyyib means quality, wholesome and not harmful to health. Whatever being consumed must meet the criteria of Halalan Thayyiban.

## HARAM

Haram means prohibited or unlawful according to Islamic Shariah Law.

The Islamic order to consume a halal thing is always integrated with thayyib - HALALAN THAYYIBAN.





# Terminology

Halal - Haram is 'Part of Islamic Teaching'.

Halal - Haram rule is clearly explained in the Holy Book Al-Quran and also Al-Hadits.

Practicing halal-haram rule is obligatory for all muslim.

HARAM materials in Al-Qur'an & Al-Hadist :

(QS Al-Baqarah : 173)



Pork



Carrion



Blood



Animal slaughtered  
by not mentioning the  
name of Allah (God)



Khamr (alcoholic  
beverages)  
(Al - Baqarah:219)

Wild animal (Carnivour),  
Animals with sharp teeth  
and claws, Amphibia  
(Animal who live in both  
land and water)

HR. Bukhari - Muslim

**Exception : All animals from sea are Halal although not slaughtered**

# Halal Certification Perspectives



## Consumers

Product's assurance on safety, quality & syariah compliance (ingredients, manufacturing process).



## Business

Market opportunities  
Commitment  
Challenges



## Regulators

Consumer's protection  
Product's assurance  
Halal products availability

# Why halal cosmetics ?

- Cosmetic's ingredient can be derived from haram material.
- Some of cosmetics could be absorbed into the skin or could be swallowed accidentally.
- Some cosmetic's formulation might hindrance the Islamic ablution ritual - 'wudhu' - prior to the prayer (shalat). e.g. waterproof, sweat proof, etc.
- The cosmetics with 'HALAL' claim.



## MAKEUP GOES HALAL

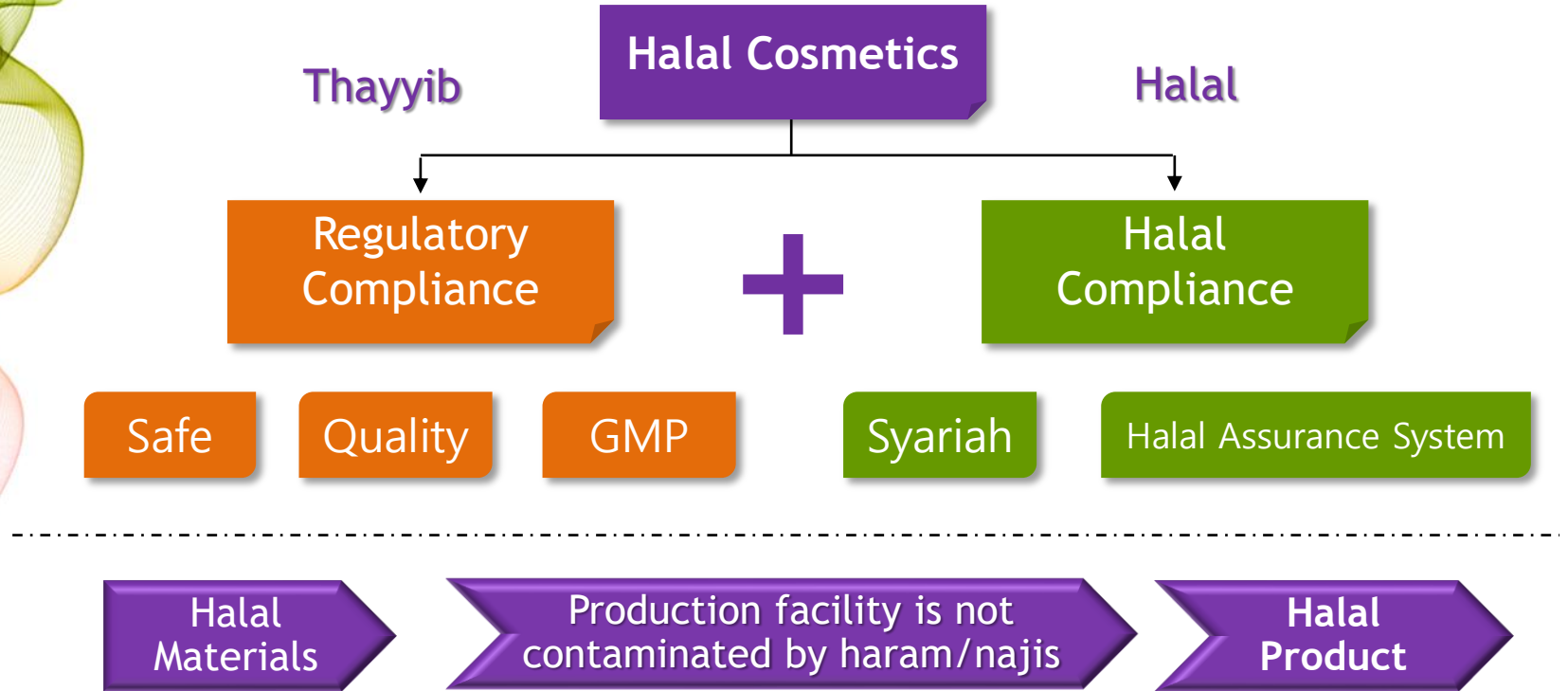
**MORE AND MORE MUSLIM WOMEN ARE PICKING HALAL COSMETIC OPTIONS TO FIT THEIR LIFESTYLES**

**How big is the halal cosmetics market?**  
Market for halal beauty expected by forecasters to rise by 15% in the next five years

**What makes cosmetics 'not halal'?**  
Popular beauty counter buys often include pork-derived gelatin, keratin and collagen, and alcohol

**What 'halal cosmetics' are being developed?**  
Those containing no haram (not permissible by Islam) ingredients  
Those that are breathable to allow water to penetrate through to the skin and nails for purity before prayer

# What is halal cosmetics ?



The halal product can be traced it is produced from halal materials in the facility that is not contaminated or 'in contact' by haram and/or najis materials.



# Halal Key Understanding

## Halal Regulation

What is applicable halal regulation & requirements ?

## Halal Standard

What is applicable halal standard ?

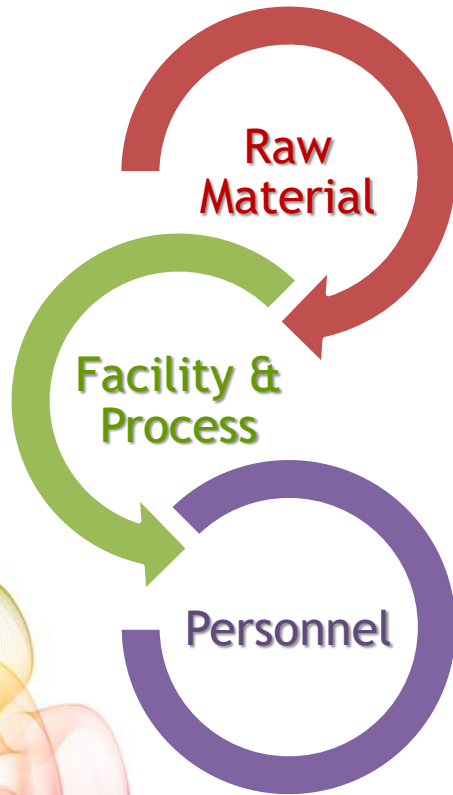
## Halal Guidelines

What is halal implementing guidelines ?

## Halal Certification

How is halal certification procedure ?

# Halal Certification Preparation



Raw material selection & verification to the supplier by relevant supporting documents (e.g. halal certificate, specification, CoA, MSDS, flow process, etc.)

Adjustment of plant layout or process, investment of new facilities or equipment if needed.  
To provide halal policy, Halal Assurance System, SOPs, Working instructions, manuals & other documents.

Training & education of Halal Assurance System.  
Appointment of Halal Management Team.  
To conduct regular halal management review.

# Challenges



## **Cosmetic's Ingredient & Formulation**

Complexity in formulation and ingredients (mixtures, fragrance, etc.)

## **Halal Regulation & Standard**

No harmonized halal regulations, standards, certification procedures; regionally or globally.

## **Halal Certificate Recognition**

No truly multilateral reciprocal recognition between halal certification bodies.

## **Infrastructure's Investment**

Investment possibilities in R&D, plants, processes & human resources.



# Example of Halal Certifier Bodies



AUSTRALIA

UNITED KINGDOM

PHILIPPINES

POLAND

SPAIN

SINGAPORE

SRI LANKA

BRUNEI

TAIWAN

EGYPT

FRANCE

TURKEY

NEW ZEALAND



SWITZERLAND

ITALY

KOREA

IRAN

GERMANY

CHILE

IRELAND

AUSTRIA

VIETNAM

THAILAND

BELGIUM



ARGENTINA

KENYA

MOROCCO

CANADA

KAZAKHSTAN

BRAZIL

MALDIVES

INDONESIA

BANGLADESH



JAPAN

CHINA

SOUTH AFRICA



NETHERLANDS/HOLLAND

PAKISTAN

INDIA

UNITED STATES OF AMERICA







# Opportunities

## Halal ~ Symbol of Quality Assurance

The halal industry has evolved to a holistic halal concept that becoming a global symbol of quality assurance choice for both Moslem & non-Moslem.

Reach wider largest market segment of Moslem population.

Gain consumer trust & loyalty.

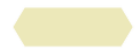
## Halal ~ Clean Beauty / Ethical Beauty

Halal certified product can bring 'new product concept and uniqueness' that can complement with other trend of eco-ethical lifestyle product such as natural, organic, vegan, hygiene and safety product.

## Legend



Top 5 Exporting countries to OIC (US\$, Cosmetics Exports, 2018)



Top 10 cosmetics Muslim consumer markets (US\$, 2018)





## GOVERNMENT OPPORTUNITY

Halal cosmetics can bolster exports and GDP but **requires government enablers and support.**

### HALAL PHARMA/COSMETICS - GIE INDICATOR RANKING

1	UAE	6	Iran
2	Malaysia	7	Bahrain
3	Jordan	8	Brunei
4	Singapore	9	Turkey
5	Egypt	10	Azerbaijan



## BUSINESS OPPORTUNITY

New businesses or business units can feasibly **generate strong revenues** across Halal cosmetics space

### 2020 HOT SECTORS FOR GROWTH



Halal nail polish



Halal cosmetics eCommerce



Halal face cream



Sustainable & Halal cosmetics



Scents & perfumes

# Recommendation

For the cosmetic industry ;

- Conduct a feasibility study on the halal proposition & develop a product pipeline.
- Alignment with eco-ethical product labels.
- Choose halal certifier body which have wider network on mutual recognition of halal certification.
- Preparedness on halal assurance system.

# Recommendation

To promote halal cosmetic industry;

## Government Incentives

To boost the growth of halal cosmetic raw materials & finished product industry.

## Harmonize Standards & Reciprocal Arrangements

To reduce complexity, avoid multiple certifications and promote the streamline of processes.

## Facilitation to Develop Halal Ecosystem

Create an institution to facilitate the development of halal ecosystem from upstream up to downstream process (raw material-distribution).

## Human Capital & Process Development

Skilled and competent resources at the industry and regulators level in halal compliance and certification process management.



- Thank you -

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# SERVICES

## R&D ▪ PRODUCT DEVELOPMENT

- Strategy (product conception, product & competitor analysis)
- Formulation & packaging development
- Technical/operational assistance (trial, problem solving, etc.)

## HALAL ▪ GMP

- General counsel (regulation, project plan, layout etc.)
- Development & implementation of Halal Assurance/GMP System
- Issue management, problem solving, audit assistance, training

## SAFETY ASSESSOR

- Appointed independent Safety Assessor
- Product review, document review, product safety statement
- Safety dossier management, audit assistance, training

## SCIENTIFIC ▪ REGULATORY

- Product Information File, Product claim verification, etc.
- Regulation impact analysis, English translation, etc.