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Integrating Islamic Business Ethics into Marketing Strategies for Halal Cosmetics

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ABSTRACT

The rapid growth of the halal cosmetics market has prompted retail businesses to shift their marketing paradigms from pure profit orientation toward value-driven strategies grounded in Islamic business ethics. This study investigates the integration of Islamic economic principles specifically honesty (ṣidq), trustworthiness (amanah), transparency, and consumer protection into the marketing strategies of a local cosmetics retailer. Employing a qualitative field research approach, data were gathered through semi-structured interviews, direct observations, and document analysis. Purposive sampling was used to select key informants, including the store owner, operational staff, and active consumers. Data validity was ensured through source, technique, and temporal triangulation, followed by interactive data analysis involving data reduction, data display, and conclusion drawing. The findings reveal that the retailer systematically embeds Islamic ethical values across its marketing mix (product, price, place, promotion, and service). Product offerings prioritize BPOM-certified and halal-labeled items, pricing mechanisms emphasize fairness and competitiveness, and promotional strategies across social media platforms (WhatsApp, Facebook, Instagram, and TikTok) strictly eliminate ambiguity (gharar) and deception (tadlīs). Furthermore, consultative customer services foster long-term consumer trust. This research demonstrates that aligning marketing strategies with Islamic economic ethics enhances business sustainability and strengthens brand equity in the halal retail sector.

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Introduction

The global halal industry has experienced unprecedented expansion, driven by increasing

religious consciousness, rising disposable income, and a demographic shift toward young Muslim consumers globally. Among various halal sectors, the halal cosmetics market has emerged as one of the fastest-growing segments, transforming from a niche market into a mainstream global phenomenon (Al-Haji & Rahman, 2023; Sugibayashi et al., 2024). In Indonesia the world's most populous Muslim-majority country the demand for halal-certified beauty and personal care products is dictated not only by personal lifestyle preferences but also by mandatory regulatory frameworks, such as Law No. 33 of 2014 concerning Halal Product Assurance and Law No. 63 of 2023 regarding cosmetic safety regulations (Ministry of Religious Affairs, 2023). Halal certification in cosmetics extends beyond the mere prohibition of porcine derivatives and haram alcohol (khamr); it encompasses stringent compliance across the entire supply chain, ensuring products are tayyib (wholesome, safe, and ethically sourced) (Anabi et al., 2023).

Within the domain of Islamic economics, halal labeling functions as a strategic communication tool and a foundation for building brand equity. From a marketing perspective, the halal mark serves as a unique selling proposition (USP) that signals legal compliance, product safety, and ethical alignment with Islamic principles (Ahmad et al., 2023). Modern Islamic marketing theory emphasizes that sharia-compliant marketing goes beyond transactional activities; it integrates fundamental Islamic business ethics namely honesty (ṣidq), trustworthiness (amanah), transparency (tablīgh), and social welfare (maslahah) into the traditional marketing mix (Hassan & Lee, 2024). Halal marketing explicitly prohibits deceptive practices (tadlīs), contractual ambiguity (gharar), and unfair pricing mechanisms, thereby fostering long-term consumer trust and brand loyalty (Mohezar et al., 2024).

Despite extensive academic literature examining consumer awareness and buying intent toward halal cosmetics at the macro level (Farhan & Syarif, 2023; Wilson & Liu, 2024), a significant empirical research gap persists regarding how micro-retailers operationalize these ethical frameworks in daily commerce. Most existing studies focus heavily on large-scale manufacturers or consumer perception surveys, often neglecting the operational challenges faced by local retail stores navigating halal compliance and consumer interactions (Rahman & Kasim, 2025). Local retailers represent a vital bridge between halal producers and end-consumers; yet, their marketing strategies frequently encounter operational constraints, varying levels of consumer literacy, and supply chain inconsistencies regarding imported cosmetics with ambiguous halal credentials (Ali & Mukhtar, 2023).

This empirical gap is prominently visible in local cosmetic retail ecosystems, where field observations reveal three critical operational paradoxes. First, while local retailers attempt to leverage halal branding as a primary competitive advantage, a substantial portion of local consumers displays limited comprehension of official halal certification standards, prioritizing price and immediate aesthetic results over verified sharia compliance (Pratama et al., 2024). Second, the influx of imported cosmetic products displaying foreign or unverified halal logos creates customer hesitation and ethical dilemmas regarding authenticity and regulatory compliance in domestic markets (Hidayat & Zulkifli, 2025). Third, traditional cosmetic retailers remain predominantly reliant on conventional showcase displays and verbal recommendations, underutilizing social media platforms (such as WhatsApp, Instagram, and TikTok) to communicate halal values effectively (Santoso et al., 2024).

To address these empirical and theoretical challenges, this study investigates the integration of Islamic business ethics into the marketing strategies of local halal cosmetic retailers (exemplified by empirical field data from RN Store in Parit Culum I). Specifically, this research addresses two primary research questions: (a) How are halal-labeled cosmetics marketing strategies spanning product selection, pricing, distribution, and promotion formulated and implemented at the retail level? (b) How do these empirical marketing practices align with the core principles and ethical mandates of Islamic economics?

By examining the micro-level implementation of Islamic ethical values within retail

marketing operations, this study contributes to the literature on Islamic marketing and consumer protection. Theoretically, it bridges the gap between normative Islamic economic theory and practical retail management. Practically, it provides actionable insights for small and medium-sized enterprises (SMEs) seeking to enhance their competitive advantage through sharia-compliant, ethically grounded marketing practices.

Method

This study adopts an empirical, qualitative case study design grounded in an interpretivist research paradigm to investigate the integration of Islamic business ethics into the retail marketing strategies of halal-certified cosmetics (Creswell & Creswell, 2023; Saunders et al., 2024). Rather than quantifying commercial variables, this design allows for a contextual examination of how sharia principles specifically honesty (ṣidq), trustworthiness (amanah), transparency (tablīgh), and consumer protection (maslahah) are operationalized within daily retail activities. Field research was conducted directly within the natural setting of a local cosmetic retailer in Indonesia to observe real-time commercial interactions and operational decision-making processes.

Participant selection relied on a non-probability purposive sampling strategy to ensure the gathering of rich, empirically grounded data from diverse actors within the retail ecosystem (Ritchie et al., 2024). The informant pool was deliberately triangulated across three key stakeholder categories: the store owner (representing strategic management and product sourcing decisions), operational staff (representing frontline marketing execution and direct customer engagement), and active Muslim consumers (representing buyer perceptions, price sensitivity, and halal awareness). In total, primary data were extracted from semi-structured interviews with four key informants, ensuring a comprehensive multi-perspective understanding of the store's marketing dynamics.

Data collection was executed through a multi-method qualitative approach comprising semi-structured in-depth interviews, direct non-participant field observations, and documentary analysis (Tracy, 2025). Semi-structured interviews, lasting between 45 to 60 minutes, explored five analytical dimensions: product authenticity, fair pricing mechanisms, transparency in promotions (avoidance of gharar and tadlīs), customer service quality, and sharia compliance. Field observations focused on showcase product arrangements, promotional signage, and oral sales practices. Simultaneously, documentary evidence including BPOM legal registration, official halal packaging labels, sales receipts, and digital social media promotions (WhatsApp, Instagram, and TikTok) was systematically reviewed to corroborate verbal accounts.

Primary and secondary data were processed using the interactive qualitative analysis framework developed by Miles et al. (2024), involving continuous data condensation, thematic matrix display, and continuous verification. Raw transcripts were anonymized and subjected to a two-cycle thematic coding process, mapping operational marketing practices against normative Islamic business ethics indicators. To establish methodological rigor and construct validity, this study implemented qualitative trustworthiness protocols based on Lincoln and Guba's criteria, including source and method triangulation, prolonged field engagement, and member checking with key participants to ensure data authenticity and review transparency (Flick, 2024).

Hasil dan Pembahasan

The empirical findings derived from qualitative field data reveal that the marketing strategies implemented by local cosmetic retailers operate through a integrated sharia-compliant marketing mix—encompassing product integrity, transparent pricing, strategic placement, digital-promotional engagement, and consultative customer service. On the product dimension, the retailer prioritizes cosmetics holding official BPOM safety licenses and verifiable halal certifications, sourcing exclusively from authorized distributors (Hassan & Lee,

2024). This strategy addresses escalating consumer demand for ethical personal care items while directly embodying the Islamic economic principle of amanah (trustworthiness). Rather than engaging in aggressive commercialization, product curation focuses on safety and legal compliance, ensuring that consumers receive items that are both halal (permissible) and tayyib (wholesome and safe).

Regarding pricing and placement, the retail establishment implements a fair pricing framework (pricing ethics) calibrated against distributor costs, operational overhead, and local purchasing power, avoiding manipulative price gouging (ghabn) (Rahman & Kasim, 2025). Promotional incentives, such as seasonal discounts and loyalty benefits, are structured transparently without hidden contractual clauses. Physically, products are systematically organized by functional categories within a clean, accessible store environment, facilitating clear product comparison for consumers. Furthermore, the retail site extends its geographical footprint into digital domains by utilizing social media applications such as WhatsApp, Instagram, and TikTok as accessible points of sale, effectively modernizing the traditional retail concept (Santoso et al., 2024).

Promotional and interpersonal customer service practices are characterized by educational and consultative engagement rather than high-pressure sales tactics. Digital promotional channels are deployed to broadcast clear product details, usage tutorials, and authentic consumer testimonials, deliberately eliminating ambiguity (gharar) and deceptive marketing claims (tadlīs) (Mohezar et al., 2024). Frontline sales associates perform non-coercive consultations, assessing individual skin types and explicit consumer needs prior to recommending appropriate items. This relational approach ensures that customer interactions extend beyond transactional profit generation, prioritizing long-term customer satisfaction and trust through open, informative dialogue (Wilson & Liu, 2024).

The conceptual diagram illustrates the operational framework of Islamic business ethics in halal cosmetics retailing, demonstrating the direct alignment between a sharia-compliant marketing mix (4P+1S) and fundamental Islamic moral mandates. On the execution level, product selection focuses exclusively on BPOM-licensed and halal-certified items, while pricing strategies eliminate unfair markups (ghabn), and placement ensures physical and digital accessibility. Furthermore, promotional communications strictly avoid ambiguity (gharar) or deception (tadlīs), complemented by consultative sales services tailored to individual consumer needs. These operational practices directly reflect core sharia virtues: ṣidq (truthfulness) through honest claims, amanah (trustworthiness) by prioritizing product safety and quality, tablīgh (transparency) in sharing accurate information, and maslahah (public interest) by driving long-term consumer welfare and trust.

From an Islamic economic perspective, the primary empirical finding confirms that the retailer's marketing operationalization strongly aligns with the normative principles of Ṣidq (truthfulness) and Amanah (trustworthiness). Field interviews and observational data demonstrate that store personnel communicate exact product capabilities, ingredients, and potential skin sensitivities without exaggerating aesthetic outcomes (Pratama et al., 2024). By disclosing potential product incompatibility, the business adheres to the prophetic tradition emphasizing full disclosure in trade, thereby upholding the consumer's right to informed choice (khiyār). This operational honesty acts as a primary driver of brand equity and customer retention within local halal retail markets (Ali & Mukhtar, 2023).

Furthermore, the rigorous selection of legally verified and halal-certified inventory reflects a structural operationalization of Amanah and Maslahah (public interest). In Islamic commercial jurisprudence (fiqh al-mu'amalat), merchant accountability extends to safeguarding consumer health and religious compliance (Anabi et al., 2023). By refusing to distribute unverified or illegal cosmetic imports despite higher profit margins, the retailer acts as an ethical gatekeeper in the supply chain. This commitment mitigates moral hazard and physical harm, validating the theoretical proposition that sharia compliance in micro-retailing

protects both consumer welfare and business sustainability (Sugibayashi et al., 2024).

Transparency in transactions is further reinforced through clear price labeling and non-deceptive promotional communications, which effectively neutralizes contractual ambiguity (gharar). Price labels affixed directly to display racks and item packaging enable consumers to make autonomous, well-informed purchasing decisions without hidden costs or sudden price alterations at checkout (Hidayat & Zulkifli, 2025). Digital marketing posts on social media strictly present verifiable product benefits and official regulatory registration numbers. This transparent communication strategy conforms to the requirements of Islamic business ethics, which demand absolute clarity regarding product specifications and transaction terms (Farhan & Syarif, 2023).

The implementation of consultative, customer-centric service represents an operational shift from transactional selling to value-driven, relationship-based marketing (Sharia Relationship Marketing). Sales staff prioritize consumer education regarding proper cosmetic application and skin compatibility over maximizing immediate sales volumes (Al-Haji & Rahman, 2023). This consultative service delivery embodies the Islamic mandate of mutual assistance (ta'āwun) and benevolence (ihsān). By fostering an environment where consumers feel respected rather than exploited, the retailer builds deep-seated customer loyalty that insulates the enterprise against aggressive price competition from non-ethical retailers.

The comparative evaluation highlights the fundamental structural divergence between conventional marketing frameworks and Sharia-compliant retail practices across key operational dimensions. While conventional retail predominantly targets short-term profit maximization driven by market demand, profit margins, and persuasive or hyperbolic promotional claims, Sharia retail practice embeds spiritual and ethical considerations into its core model, pursuing dual outcomes of ultimate welfare (falah) alongside fair profitability. This conceptual shift redefines product curation to strictly align with safety licenses (BPOM) and religious integrity (halal and tayyib), while replacing transactional, volume-driven consumer interactions with consultative, relationship-oriented engagements anchored in truthfulness (ṣidq) and educational disclosure. Consequently, Sharia-compliant retailing functions not merely as an alternative commercial strategy, but as an ethically grounded operational paradigm that optimizes long-term stakeholder value and consumer trust.

Synthesizing these findings with contemporary Islamic marketing literature confirms that integrating ethical values into retail operations creates a distinct competitive advantage. While conventional retail frameworks view marketing mix variables primarily as tools for demand manipulation, sharia-compliant retailing redefines these elements as instruments of moral duty and consumer service (Hassan & Lee, 2024). The empirical evidence demonstrates that ethical adherence such as verifying product legalities, pricing transparently, and eliminating deceptive promotions does not restrict business growth; rather, it minimizes transaction friction and enhances customer lifetime value (Mohezar et al., 2024).

Additionally, the observed social media engagement strategies demonstrate how small-scale halal retailers effectively bridge the gap between traditional Islamic ethical values and modern digital commerce. Utilizing platforms such as WhatsApp and Instagram for post-purchase follow-ups and educational content creation reflects the Islamic principle of Tablīgh (effective and truthful communication) (Santoso et al., 2024). This continuous engagement maintains relational proximity with consumers, reinforcing brand trust and transforming casual buyers into loyal brand advocates within regional retail markets (Rahman & Kasim, 2025).

In conclusion, the empirical evidence confirms that the marketing practices of local halal cosmetic retailers successfully operationalize Islamic business ethics across all components of the marketing mix. By embedding ṣidq, amanah, transparency, and consumer protection into daily retail operations, the business demonstrates that financial profitability and strict sharia adherence are mutually reinforcing goals. These insights offer a robust operational model for small and medium-sized halal enterprises (SMEs) operating in emerging retail markets,

proving that ethical governance serves as the foundation for sustainable market performance (Creswell & Creswell, 2023; Saunders et al., 2024).

Conclusion

This study concludes that local halal cosmetic retailers successfully bridge the gap between normative Islamic economic principles and micro-level retail operations by integrating sharia business ethics across their entire marketing mix (4P+1S). The empirical findings confirm that embedding values such as honesty (ṣidq), trustworthiness (amanah), transparency (tablīgh), and consumer welfare (maslahah) into product selection (BPOM and halal verification), pricing strategies (elimination of ghabn), promotional communications (avoidance of gharar and tadlīs), and consultative customer service transforms conventional transactional selling into value-driven sharia relationship marketing. Ultimately, this research proves that strict adherence to sharia compliance and financial profitability are mutually reinforcing, demonstrating that ethical governance serves as a foundational pillar for building sustainable brand equity, consumer trust, and long-term competitiveness in the halal retail sector.

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