Understanding the influence of religiosity, halal label, eco label, and halal green perception on customer loyalty: a study of Muslim women Generation Z in Malang City

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ABSTRACT

The growth of the cosmetics industry in the world has increased rapidly in recent decades. Cosmetics manufacturers face intense competitive pressure, both from halal cosmetics products, and regular cosmetics products. This intense competition requires companies to be responsive to consumer needs by ensuring that their product offerings are aligned with consumer demand to encourage adoption. As explanatory quantitative research, the purpose of this research is to figure out the characteristics of Muslim women Generation Z and determine the effect of Religiosity, Halal Label, Eco Label and Halal Green Perception on Customer Loyalty, both directly and indirectly. The object of this research is a Muslim women Generation Z who uses halal green cosmetics in Malang City with a total sample of 200 respondents. The technique of collecting data using a closed questionnaire and analyzed with SmartPLS 3.0. As a result, religiosity has no significantly influence on customer loyalty, but Halal Label and Eco Label significantly affect customer loyalty. Furthermore, religiosity, halal label and eco label have a directly positive impact on halal green perceptions. It is worth noting that Halal Green Perception also indirectly mediates between religiosity, halal label and eco label on customer loyalty. Although religiosity does not play a direct role in influencing Customer Loyalty, it does not mean that these products cannot attract Generation Z's interest. It should be noted that although the level of Religiosity of Generation Z varies, this generation can still choose halal green cosmetics based on considerations of product quality assurance such as halal label and eco label.

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Introduction

Over the past several decades, Indonesia's cosmetics enterprises has grown at a remarkable pace. The trend of beauty products continues to increase even during the Covid-19 pandemic where other industrial sectors have experienced a slow down. The Indonesia beauty industry's current revenue reached USD 7.23 billion in 2022, a value that is expected to increase, thus driving the growth of beauty brands that compete fiercely for the Indonesian market (Katadata, 2022). Indonesia is the world's top consumer of halal goods as it has massive Muslim society (Aisyah, 2017), ranging from food, beverages, medicines, to beauty products. Indonesia is the second largest consumer of halal cosmetics after India, followed by Bangladesh, Russia, and Malaysia, with consumer spending reaching USD 4.7 billion (Statista, 2021). Therefore, halal cosmetics are becoming an appealing niche market with great business potential in Indonesia (Suryani et al., 2022).

The rapid development of the cosmetics industry is inseparable from the growth in the number of businesses involved in the cosmetics industry, which is also increasing. BPOM noted that in 2021 the number of cosmetics industry businesses amounted to 819 and in 2022 it increased to 913 businesses. The increase in number has certainly had an impact on the increasingly intense competition in the cosmetics segment. This intense competition undoubtedly has an impact on consumers, who are faced with a variety of choices,
each with different benefits and quality levels. Competition requires companies to be sensitive and responsive to consumer needs. Therefore, companies must ensure that their product offerings are aligned with consumer demand to encourage consumer adoption and product usage. The emergence of innovation in the form of halal green cosmetics is inseparable from the large Muslim population in Indonesia. Moreover, the population of Muslim in Indonesia is the highest in the world (Pew Research Center, 2020) and is currently dominated by Generation Z (BPS, 2020, 2021). With its large population, Generation Z represents a significant market for the cosmetics industry. When companies succeed in gaining their favor, it can create a significant boost to a company revenue. Halal green cosmetics are unlike conventional cosmetics in general because halal green cosmetics are not containing haram ingredients prohibited by sharia (Irfany et al., 2023), made from natural ingredients, comply with religious principles, and are environmentally friendly (Abdul Matin, 2010). Young consumers’ interest in eco-friendly cosmetics is increasing over time (Laheer & Anupam, 2015). This is because Generation Z consumers are more aware and have better knowledge about green products and their relevance to the environment (Bautista et al., 2023).

Therefore, the study of consumer behavior is necessary. It helps companies gain a better understanding of what consumers want and how to deliver the value of the product, enabling them to develop an effective marketing strategy (Gupta et al., 2015). In this highly prospective but intensely challenging environment, developing customer loyalty is a strategy that is considered essential. One strategy to build customer loyalty can be driven by religiosity factors (Suhartanto et al., 2020). Religion is defined as an established system of symbols, practices, and beliefs that facilitates a person’s intimacy with God and serves as a framework for interpersonal connections (Islam and Chandrasekarar, 2020). According to (Mathras et al., 2016), the phrase suggests that religion gives its believers a set of practices, values, beliefs, and a sense of community. Religions have an impact on people's conduct and attitudes since they reflect the ideals of life for their followers (Soudien and Rani, 2015). In Indonesia, where the majority population is Muslim, the Halal label is seen as an effective marketing strategy and can be seen as a crucial component in enhancing marketing effectiveness (Salindal, 2018). According to a study by (Quoquab et al., 2020), the halal label has an impact on customer loyalty in both direct and indirect ways. This is because the halal label can improve a brand's value proposition and reinforce consumers' perceptions of particular attributes. The credibility and quality assurance that come with the halal label also help consumers make decisions more quickly and spend less money searching. Islam requires that all goods consumed should be halalan tayyiban, or of good overall quality, including health, hygiene and natural components, including those that Allah SWT has permitted. Within the concept of halalan tayyiban, tayyib includes being environmentally friendly (Irfany et al., 2023). Research carried out by (Irfany et al., 2023) explains that Eco Label can significantly influence purchase intentions, because consumers consider eco label as positive extrinsic cues that can provide information that the product is sustainable and safe for the environment.

The impact of halal label, eco label, and religiosity on customer loyalty has been the subject of conflicting research (Suhartanto et al., 2021; Sisyawan et al., 2019; Sharaf et al., 2015). The inconsistent outcomes of earlier research have emerged as an intriguing area for more investigation. In order to bridge this research gap, the study also looks at the mediating role of halal green perception in analyzing the direct and indirect impacts of eco-labeling, halal labeling, and religiosity on customer loyalty.

**Literature Review**

**Theoretical and Conceptual Background**

**Religiosity**

Religiosity is determined as a level of adherence to religious values, beliefs and religious activities in daily life practices (Worthington et al., 2003). According to (Ateeq-ur-Rehman & Shabbir, 2010) religiosity influences product use by Muslim consumers through the impact of their beliefs about what products they were supposed to use. This indicates that religion indirectly influences society by spreading values and encouraging consumers by adopting certain principles and perceptions (Agarwala et al., 2019). According to Glock (1972), there are several dimensions that can measure religiosity, i.e. ideological, ritualistic, intellectual, consequential, and experimental.

**Halal Label**

The word "Halal" refers to what is considered by Muslims as permissible or acceptable, while its opposite "haram" refers to what is considered by Muslims as prohibited (Eliasi & Dwyer, 2002). Halal certification is a guarantee of halal issued by an authorized institution as a quality assurance that the product does not have content that is considered haram or questionable (Rajagopal et al., 2011). In Indonesia, halal certification is issued by the authority (BPJPH) which is under the Ministry of Religious Affairs as stipulated in Law No. 33 of 2014. According to (Aziz & Chock, 2013; Irfany et al., 2023) there are several dimensions that can measure halal label, i.e. valuable, attractive, knowledge of halal label, trust in halal label, enhance marketability.

**Eco Label**

An eco-label is a symbol or logo on a product that illustrates that the product is made from natural materials and produced with attention to environmental impacts (Bautista et al., 2023). Products with eco-label typically guarantee that there are no harsh chemicals used in the production process (Alamasyah & Hadiyanti, 2017). According to research from (Irfany et al., 2023) states that the eco label is a useful tool that allows consumers to evaluate various products and services and identify products or services that
actually perform better in terms of the environment. According to (Irfany et al., 2023) there are several dimensions that can measure eco labels, i.e., the use of environmentally friendly products, knowledge of eco label and trust in eco labels.

**Halal Green Perception**

Michael R. Solomon (2018: 98) determines perception as a process by which individuals choose, arrange, and interpret input information based on physical sensations (sight, sound, smell, taste and touch) to produce meaning. Kotler and Keller (2016: 228) assert that perception is influenced by stimuli from the immediate surroundings as well as the individual's state. It is not just dependent on physical stimuli. Through suitable extrinsic cues, a product's halal and green qualities may be visually related, which can be used to persuade and communicate messages about the product's halal and environmentally friendly status. Thus, consumers purchase cosmetic products based on the perceptions they develop upon effective halal and green cues, which is consistently with signaling theory. This theory provides a helpful framework for understanding agent behavior when there is asymmetry in the parties' information. Customers often use the signals provided by the manufacturer to measure the quality (Wells et al., 2011). According to (Wells et al., 2011) there are several dimensions that can measure the perception of halal green, i.e. verification of official guarantees, country of origin, producer name, product ingredients.

**Customer Loyalty**

According to (Islam et al., 2021) customer loyalty is a repurchase that is the outcome of psychological process brought on by commitment. The desire to carry out a number of actions that show motivation to sustain a connection with the business such as setting aside more money for a certain good or service, spreading word of mouth, and making repurchases is known as customer loyalty (Sirdeshmukh et al., 2002). Customer loyalty consists of attitudinal and behavioral components. Loyalty in the behavioral sense described as momentary behavior towards attractive products and in terms of attitude described as positive behavior towards a product or service (Acas et al., 2002). According to (Ganiyu, 2016; Sirdeshmukh et al., 2002) there are several dimensions that can measure customer loyalty, i.e. repurchase intention, recommending to others and word of mouth.

**Conceptual Framework of the Research**

This study examines five major constructs, including one dependent variable (consumer loyalty) and three independent variables (religiosity, halal label, and eco label). This study also has additional one mediation (halal green perception). For further details, it can be seen in Figure 1 below:

![Figure 1: Research Framework and Hypothesis](image)

The hypotheses of this study are:

- H1. Religiosity significantly influences customer loyalty
- H2. Religiosity significantly influences halal green perception
- H3. Halal label significantly influences customer loyalty.
- H4. Halal label significantly influences halal green perception
- H5. Eco label significantly influences customer loyalty
- H6. Eco label significantly influences halal green perception
- H7. Halal green perception significantly influences customer loyalty
Research and Methodology

Participants and Data Collection

This study focused on Generation Z Muslim women residing in Malang City who are users of Halal Green Cosmetics. The sampling method employed was probability sampling. The sample criteria comprised Generation Z individuals aged between 18 to 26 years old, who had used halal green cosmetics from either Wardah or Garnier at least twice in the past six months. A total of 200 respondents were sampled for this study, with data collection taking place between December 2023 and January 2024.

Data Analysis

The SmartPLS 3.0 software program is used in this study to analyze data using the structural equation modeling (SEM) approach, which is based on partial least squares (PLS).

Measurements

Adopted from many prior research, all indicators were used to measure the five factors. An adaptation of Glock's (1972) set of five indicators is the religiosity variable. According to (Aziz & Chock, 2013; Irfany et al., 2023) use five indicators to measure the halal label. Three indicators are used by (Irfany et al., 2023) to measure the eco label variable. According to Wells et al. (2011), there are four indicators used to quantify the halal green perception variable. According to (Ganiyu, 2016) and (Sirdeshmukh et al., 2002), three indicators are used to measure the customer loyalty variable.

Findings and Discussions

Findings

Briefly can be seen in table 1. Based on the occupation of the respondents, the majority of halal green cosmetics consumers are students with 111 people or 55.5%. Based on the level of income or pocket money per month, it is known that most of the respondents in this study have an income level ofRp 1,000,001 - Rp 3,000,000 with a total of 80 respondents or equivalent to 40%. Based on the frequency of product purchases, it is known that the majority of respondents bought halal green cosmetics products during the last 6 months with a frequency of 6 - 8 times or around 142 people or 71%. Based on the halal green cosmetics brand, it is known that most of the respondents in this study bought the Wardah halal green cosmetics brand with 128 respondents or equivalent to 64%.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Civil Servant (ASN)</td>
<td>3</td>
<td>1.5%</td>
</tr>
<tr>
<td>Private/State Owned Enterprise</td>
<td>52</td>
<td>26%</td>
</tr>
<tr>
<td>Entrepreneur</td>
<td>22</td>
<td>11%</td>
</tr>
<tr>
<td>Students</td>
<td>111</td>
<td>55.5%</td>
</tr>
<tr>
<td>Housewife</td>
<td>5</td>
<td>2.5%</td>
</tr>
<tr>
<td>Freelancer</td>
<td>7</td>
<td>3.5%</td>
</tr>
<tr>
<td>Income &lt; Rp1.000.000</td>
<td>59</td>
<td>29.5%</td>
</tr>
<tr>
<td>Rp1.000.001 - Rp3.000.000</td>
<td>80</td>
<td>42.5%</td>
</tr>
<tr>
<td>Rp3.000.001 - Rp5.000.000</td>
<td>49</td>
<td>2.5%</td>
</tr>
<tr>
<td>Rp5.000.001 - Rp7.500.000</td>
<td>7</td>
<td>16%</td>
</tr>
<tr>
<td>Rp7.500.001 - Rp10.000.000</td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>&gt;Rp 10.000.000</td>
<td>3</td>
<td>8%</td>
</tr>
<tr>
<td>Frequency 2 kali</td>
<td>16</td>
<td>13.5%</td>
</tr>
<tr>
<td>3 – 5 kali</td>
<td>27</td>
<td>71%</td>
</tr>
<tr>
<td>6 – 8 kali</td>
<td>142</td>
<td>5%</td>
</tr>
<tr>
<td>9 – 10 kali</td>
<td>10</td>
<td>2.5%</td>
</tr>
<tr>
<td>Brand Wardah</td>
<td>128</td>
<td>64%</td>
</tr>
<tr>
<td>Garnier</td>
<td>72</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: Author 2023
Table 2 shows that the scale, extent, and adherence to statistical standards have been acknowledged. With all latent variables' average variance extracted (AVE) exceeding 0.5, it suggests that the measurement model demonstrates satisfactory discriminant validity. According to (Hussein, 2015), data reliability is affirmed if composite reliability > 0.7 and Cronbach alpha exceeds 0.6. Thus, it can be deduced that the constructs under scrutiny in this study are deemed reliable.

Table 2: Composite Reliability, Cronbach Alpha, AVE

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religiosity</td>
<td>0.969</td>
<td>0.965</td>
<td>0.673</td>
<td></td>
</tr>
<tr>
<td>Halal Label</td>
<td>0.938</td>
<td>0.917</td>
<td>0.751</td>
<td></td>
</tr>
<tr>
<td>Eco Label</td>
<td>0.922</td>
<td>0.866</td>
<td>0.747</td>
<td></td>
</tr>
<tr>
<td>Halal Green Perception</td>
<td>0.938</td>
<td>0.921</td>
<td>0.718</td>
<td>0.707</td>
</tr>
<tr>
<td>Customer Loyalty</td>
<td>0.926</td>
<td>0.880</td>
<td>0.807</td>
<td>0.749</td>
</tr>
</tbody>
</table>

Source: Author 2023

Table 3 illustrates the findings regarding the impact of the Religiosity variable on Customer Loyalty, revealing a positive coefficient value of 0.048. However, the analysis of hypothesis 1 indicates that the t-statistic value (0.757) is lower than the t-table (1.96), and the p-values (0.449) exceed 0.05. Consequently, it is inferred that Religiosity does not affect Customer Loyalty, leading to the rejection of hypothesis 1. Conversely, the examination of hypothesis 2 reveals a positive path coefficient value (0.291) for Religiosity on Perceived Halal Green, with a significant t-statistic value (5.713>1.96) and p-values (0.000) below 0.05. Thus, it can be concluded that Religiosity significantly influences Customer Loyalty, supporting hypothesis 2. Similarly, hypothesis 3 regarding the relationship between Halal Label on Customer Loyalty is accepted due to a positive coefficient value (0.368), significant t-statistic value (6.716>1.96), and p-values (0.000) below the threshold. Furthermore, hypothesis 4 is supported by the positive coefficient value (0.496) between the Halal Label variable on Halal Green Perception, along with a significant t-statistic value (7.006>1.96) and p-values (0.000) below 0.05, indicating a significant influence of the Halal Label on Halal Green Perception.

Table 3: Composite Reliability, Cronbach Alpha, AVE

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient</th>
<th>t-statistic</th>
<th>P-Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Religiosity → Customer Loyalty</td>
<td>0.048</td>
<td>0.757</td>
<td>0.449</td>
<td>Not Significant</td>
</tr>
<tr>
<td>H2: Religiosity → Halal Green Perception</td>
<td>0.291</td>
<td>5.713</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H3: Halal Label → Customer Loyalty</td>
<td>0.368</td>
<td>6.716</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H4: Halal Label→ Halal Green Perception</td>
<td>0.496</td>
<td>7.006</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H5: Eco Label → Customer Loyalty</td>
<td>0.186</td>
<td>3.361</td>
<td>0.001</td>
<td>Significant</td>
</tr>
<tr>
<td>H6: Eco Label→ Halal Green Perception</td>
<td>0.211</td>
<td>3.518</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H7: Halal Green Perception → Customer Loyalty</td>
<td>0.381</td>
<td>4.760</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>H8: Religiosity → Halal Green Perception → Customer Loyalty</td>
<td>0.111</td>
<td>3.888</td>
<td>0.000</td>
<td>Significant (Full Mediation)</td>
</tr>
<tr>
<td>H9: Halal Label → Halal Green Perception → Customer Loyalty</td>
<td>0.189</td>
<td>4.040</td>
<td>0.000</td>
<td>Significant (Partial Mediation)</td>
</tr>
<tr>
<td>H10: Eco Label → Halal Green Perception → Customer Loyalty</td>
<td>0.080</td>
<td>2.690</td>
<td>0.007</td>
<td>Significant (Partial Mediation)</td>
</tr>
</tbody>
</table>

Source: Author 2023

Moreover, the Eco Label positively affects Customer Loyalty, with a coefficient value of 0.186, a t-statistic value of (3.361>1.96), and p-values of 0.001 below 0.05, supporting Hypothesis 5. Likewise, the Eco Label has a positive and significant influence on Halal Green Perception, demonstrated by a coefficient value of 0.211, a t-statistic value of (3.518>1.96), and p-values of 0.001 below 0.05, validating Hypothesis 6. Halal Green Perception positively impacts Customer Loyalty, with a coefficient value of 0.211, a t-statistic value of (4.760>1.96), and p-values of 0.001 below 0.05, endorsing Hypothesis 7.

Based on Table 3, the indirect effect of Religiosity on Customer Loyalty, mediated by Halal Green Perception, is significant, with a t-statistic value of (3.888>1.96) and a p-value of 0.000 below 0.05. This indicates full mediation, supporting Hypothesis 8. Similarly, for the Halal Label and Eco Label, mediated by Halal Green Perception, the indirect effects are also significant, with t-statistic values
of (4.040>1.96) and (2.690>1.96) respectively, and p-values below 0.05, suggesting partial mediation and confirming Hypotheses 9 and 10 respectively.

Discussion

The Effect of Religiosity on Customer Loyalty (H1)

Religiosity is one of the strategies to build customer loyalty in purchasing behavior studies (Suhartanto et al., 2020; Wang et al., 2020). In this study, religiosity is measured using five indicators, namely ideological, ritualistic, intellectual, consequential and experiential. The results of the direct effect show that religiosity does not influence customer loyalty, this is evidenced by the test where the t-value is smaller than the t-table (0.757 < 1.96) and the p-values of 0.449 which is above 0.05, so Hypothesis 1 is rejected. This insignificant finding indicates that consumer religiosity has no significant role in influencing consumer loyalty to use halal green cosmetics.

Based on the results of descriptive analysis, it is known that the intellectual indicator is the lowest average value that forms the Religiosity variable. This shows that Generation Z consumers' knowledge of Islam is not perfect and there may be certain aspects that they do not fully understand, so that in their purchasing behavior they do not fully follow Islamic values. Muslim consumers are known to have varying levels of adherence to Islamic values (Razzaq et al., 2016), if it is related to the sample in this study, Generation Z may have different results compared to other studies. Young consumers tend to be less religious (Pew Research Center, 2018), this is possibly because Generation Z tends to exhibit characteristics of freedom, interpreting spirituality more as inner peace rather than being bound by religious values. In religious studies, this group is often referred to as “New Age”, which is famous for its big tagline, namely ‘believing in religion and God, respecting religion, but not wanting to be bound by certain religious values or agnostic’ (News, 2023). Therefore, Generation Z does not prioritize religious values in their consumption behavior as much as older generations do. In addition, Generation Z tends to be a more discerning and critical consumer in choosing cosmetic products, they have complex preferences and consider various factors such as price, brand, quality and etc, rather than aspects of religious values in purchasing decisions. If cosmetic products do not meet the standards or quality they want, they will look for other products that are more in line with their preferences.

The results of this study are in line with research conducted by (Suhartanto et al., 2020; Widyanto & Sitohang, 2022; Mukhtar & Mohsin Butt, 2012) which found that Religiosity has no effect on Customer Loyalty. In a study conducted by (Suhartanto et al., 2020) stated that it is possible that young consumers do not consider halal or haram of a cosmetic product because cosmetic products are different from other products, cosmetic products are not swallowed and therefore do not become part of the body. When a Muslim is going to pray, they perform ablution, so that cosmetic products that stick to the skin can be removed. This would explain why one's religiosity has not played an influential part in customers’ loyalty to halal green cosmetics.

The Effect of Religiosity on Halal Green Perception (H2)

The results of testing the direct effect in this study resulted in the finding that religiosity can increase Halal Green Perception, this is evidenced by the test results which have a positive and significant effect so that hypothesis 2 is accepted. When it comes to the consumption of goods and services, religion has a significant impact on how consumers behave and attitude. This will make Generation Z, who have strong religious convictions, more conscious of halal green cosmetics.

The level of religiosity of halal green cosmetics consumers in Malang City is definitely associated with the perception of halalness and sustainability of these cosmetic products. As people who adhere to Islam, they certainly implement Islamic law by avoiding what Sharia prohibits. This makes them pay attention to detailed product information before deciding whether to use them. Halal Green Perception is measured using four indicators, namely verification of official guarantees, country of origin, manufacturer's name and product ingredients (Wells et al., 2011). Furthermore, based on the results of descriptive analysis, it can be seen that product ingredients are the indicator with the highest average value that encourages the formation of the Halal Green Perception variable. Consumers with a high level of religiosity will tend to pay attention to the halalness and sustainability of a product, as a form of implementation of the religious values they fulfill. Cosmetic products are indeed different from food or drinks that are swallowed and can enter the body. However, cosmetics that are attached to the face and other parts of the body will affect the conditions for the validity of prayer, namely cleanliness from impurities, especially if the cleaning is not perfect so that there is still residue on the skin that can cause invalid prayer. Therefore, consumers will not use cosmetic products that contain ingredients that are not halal and not environmentally friendly. Moreover, regarding the product's nation of origin and the specifics of the producer's identity. The impression of the substances in cosmetics is often reflected in the place of origin of the product. Countries where Muslims are the majority of the population undoubtedly pay attention to the ingredients included in products and whether they meet halal requirements in accordance with market demands. The outcomes of this study are consistent with previous research conducted by (Novita Sari et al., 2022; Butt et al., 2017), indicating a connection between Religiosity on Halal Green Perception.

The Effect of Halal Label on Customer Loyalty (H3)

The results of examining the direct effect in this study indicate that the Halal Label can increase Customer Loyalty, as evidenced by the test results which have a positive and significant effect so that hypothesis 3 is accepted. This shows that the presence of a halal label on cosmetic products will increase consumer loyalty.
Halal Label is measured using four indicators such as, importance, attractive, knowledge of eco label, trust in eco label and enhance marketability (Aziz & Chock, 2013; Irfany et al., 2023). It is known from the descriptive analysis results that the indicator that builds up the Halal Label variable with the greatest average value is the indicator of importance. This demonstrates that most customers give priority to products with a halal recognition. Products classified as halal are those that are manufactured and processed in conformity with Islamic principles (Wilson, 2014). The halal label certifies that the manufacturers complied with the government approved halal guidelines and processes for their products. The perception among customers that these cosmetics don't include any substances that are deemed hazardous to health might help producers gain their trust. Consumers who are satisfied with the quality of halal green cosmetics and have emotional values attachment to these products are likely to become loyal customers, thus the halal label can be a factor driving this long-term commitment. For Muslim consumers, using cosmetics with a halal label can provide peace of mind, because they can meet product needs while fulfilling their religious guidance.

The findings of this study are consistent with those of other studies that Halal Label has a considerable influence on Customer Loyalty (Quoquab et al., 2020; Widyanto & Sitohang, 2020; Hasib & Anwar, 2020). The halal label is thought to improve product capabilities in the market, where the credibility and quality guarantee that come with it help consumers make decisions and cut down on searching expenses, according to study presented by (Quoquab et al., 2020).

**The Effect of Halal Label on Halal Green Perception (H4)**

The direct effect testing in this study revealed that the Halal Label has the ability to enhance Halal Green Perception. The test outcomes demonstrated a positive and significant impact, leading to the acceptance of hypothesis 4. This underscores the notion that high-quality representations and consistent logo standards associated with halal labels can influence consumers' perception levels.

The association between the Halal Label and Halal Green Perception is connected to signaling theory, which suggests that consumers often assess a product's quality based on signals conveyed by the manufacturer (Wells et al., 2011). Cosmetics are considered credence items because customers cannot verify whether a product is genuinely halal before or after using it. The notion of information asymmetry between producers and consumers is further supported by the negligent practices of certain cosmetic manufacturers, such as unsanitary production facilities or the use of ingredients and methods that contradict consumer expectations (Kompas, 2022). As a result, before deciding which product to buy, the majority of buyers rely on a variety of extrinsic signals to form an opinion on how halal it is. Consumers often have to rely on extrinsic cues such as the halal label to obtain information and build perceptions about the halalness of a product. It can be concluded that certain indicators such as the halal label can be a tool to shape consumer perceptions regarding the halalness of a product.

This study is underpinned by previous research conducted by (Novita Sari et al., 2022; Quoquab et al., 2020; Ishak et al., 2016), which highlights the impact of the halal label on halal green perception.

**The Effect of Eco Label on Customer Loyalty (H5)**

The results of testing the direct effect in this study resulted in findings that Eco Label can increase Customer Loyalty, as evidenced by the test results which have a positive and significant effect so that hypothesis 5 is accepted. This indicates that the presence of the Eco Label on halal green cosmetics will affect the formation of consumer loyalty.

Generation Z is known as a generation that is concerned about environmental sustainability issues; therefore, Generation Z considers eco-friendly cosmetics to be very important when choosing cosmetic products (Kompas, 2023). Eco Label is measured using three indicators such as the use of environmentally friendly product, knowledge of eco label and trust in eco label (Irfany et al., 2023). Based on the results of descriptive analysis, it is known that the trust in eco label indicator is the highest average value indicator that determines the Eco Label variable. This shows that Generation Z consumers in this category have strong confidence in the environmentally friendly claims of halal green cosmetics products. This includes aspects of the description of ingredients listed, fairness in providing information that the product is cruelty free and the production process responsible for the environment. Generation Z consumers who believe that products with Eco Label are indeed environmentally friendly tend to choose and use these products repeatedly, and may even become loyal customers. So it is not surprising that the market share of eco-friendly cosmetics in Indonesia has increased every year (Statista, 2023). In addition, Generation Z has special characteristics that are very close to technology, so information about halal green cosmetics products will be easily and quickly obtained. Therefore, it is not surprising that Generation Z consumers have a high level of knowledge about Eco Label. It helps them in evaluating products not only about the environmental impact during production, but also during use, packaging and disposal. Consumers are becoming more aware of the importance of choosing environmentally friendly products. A good understanding of Eco Label shapes consumer attitudes and behavior, which then encourages the formation of loyalty because they consider it a responsible and sustainable choice (Testa et al., 2013).

The study done by (Bautista et al., 2023) and (Irfany et al., 2023) provides support for this research by indicating that eco label significantly influences customer loyalty.

**The Effect of Eco Label on Halal Green Perception (H6)**

The results of testing the direct effect in this study resulted in the finding that Eco Label can increase Halal Green Perception, this is evidenced by the test results which have a positive and significant effect so that hypothesis 6 is accepted. This indicates that the
description of good quality and logo standards in this case related to Eco Label can affect the level of perception in the minds of consumers.

The findings indicate that eco-labeling can influence the perception of Generation Z individuals. This presents a valuable opportunity for manufacturers, particularly in sectors such as cosmetics, to offer halal products featuring eco-labeling. This is due to the significant market demand among Muslim consumers. Signaling theory suggests that companies can effectively communicate their commitment to environmental sustainability to Generation Z customers through the use of eco-labeling. Furthermore, consumer perceptions will be formed when manufacturers use certified eco-labels for promoting environmentally friendly products. The assurance that the product is environmentally friendly is reliable as the eco-label is provided by a third party. Walker and Johnson (2009) argue that a clear depiction of quality and logo standards can ensure the formation of perceptions in the minds of individuals that will ultimately influence purchasing decisions. Thus, it is very important for businesses to be trustworthy in the eyes of consumers.

This research is supported by (Hameed & Waris, 2018; Irfany et al., 2023) which state that eco label significantly influences halal green perception.

The Effect of Halal Green Perception on Customer Loyalty (H7)

The results of testing the direct effect in this study resulted in findings that Halal Green Perception can increase Customer Loyalty, this is evidenced by the test results which have a positive and significant effect so that hypothesis 7 is accepted. This shows that the positive perceptions formed in Generation Z towards halal green cosmetics will result in consumer loyalty.

Consumers will generally assess product quality based on signals provided by manufacturers (Wells et al., 2011). This is due to the information asymmetry between producers and consumers. Therefore, Verification indicators of official guarantee, manufacturer name, country of origin, product ingredients have an important role in influencing consumer perception. This finding emphasizes the role of credible signals in marketing, as suggested by signal theory. Consumers tend to judge a halal product based on the country of origin of the cosmetic, such as whether the cosmetic comes from a Muslim-majority or non-Muslim-majority country. If the cosmetics are produced by a country where the majority of the population is Muslim, then the product is considered a halal product. Regarding the name of the producer or the identity of the producer, it is explained that trust in the name of manufacturer of cosmetics plays an important role in shaping consumer perceptions. A consumer who knows that the manufacturer has a good reputation in producing halal green cosmetics will tend to believe in the halal status and sustainability of the cosmetic product. This study revealed that customers have unique opinions about the goods available on the market, and that these opinions have an impact on both consumer behavior and purchase decisions as well as product loyalty. Perception is found to be the driving force behind customer purchases and remain loyalty.

The research by (Ishak et al., 2016) and (Novita Sari et al., 2022) supports this study by indicating that consumer loyalty is influenced by halal and green perception.

The Effect of Religiosity on Customer Loyalty Through Halal Green Perception as a Mediating Variable (H8)

Based on the results of the study, it was found that the Halal Green Perception variable mediates the relationship between religiosity and customer loyalty in full mediation. This is because the direct effect of Religiosity has no influence on Customer Loyalty. Halal Green Perception in this study proved to be an important factor that can significantly influence Customer Loyalty as a mediator.

The results showing that there is no direct effect of religiosity on customer loyalty show how important Halal Green Perception is in increasing customer loyalty. Halal Green Perception is a strong mediator in bridging the influence of religiosity on customer loyalty. Consumers who are more religious tend to pay attention to which country the cosmetics manufacturer comes from, whether from a Muslim-majority or non-Muslim country. They also tend to pay attention to third-party verification, whether the cosmetic product is equipped with such verification, which guarantees the halalness and sustainability of the product. Consumers who are more religious will not use cosmetics if they have doubts regarding the halal status or sustainability of the product. In other words, consumers who have a holistic view of products in terms of halalness and sustainability, have a higher awareness of the importance of choosing products that are in accordance with religious values and protect the environment. This shows the importance of understanding and recognizing religious values in shaping consumer perceptions of products, which in turn may affect the level of customer loyalty.

This research supported by (Novita Sari et al., 2022; Quoquab et al., 2020) which found that Religiosity positively and significantly affects Customer Loyalty through Halal Green Perception.

The Effect of Halal Label on Customer Loyalty Through Halal Green Perception as a Mediating Variable (H9)

According to the study findings, it was discovered that Halal Green Perception serves as a partial mediator in the connection between the Halal Label and Customer Loyalty. This is evidenced by the significance of both the direct and indirect effects of the Halal Label on Customer Loyalty. Halal Green Perception contributes to mediating the relationship between the Halal Label and Customer Loyalty to a certain degree. In essence, it functions as an intermediary between the two variables, yet even without Halal Green Perception, the Halal Label retains its ability to impact Customer Loyalty.
Halal green cosmetics products are credece good or trust goods because consumers cannot verify the truth of a product's halal status either before or after consumption. Therefore, most consumers rely on various extrinsic cues such as the Halal Label to develop their halal perceptions of a particular product before making a purchase decision, as suggested by signaling theory. The notion of halalan tayyiban is included into the halal label, which is regarded as a sign of quality assurance and integrity. This impacts Muslim consumers' trust to buy and make repeat purchases (Ab'Talib, 2017). Positive perceptions of a product will lead to repeat purchases because consumers already believe, which in turn will lead to consumer loyalty to the product.

This research is based on (Novita Sari et al., 2022; Quoquab et al., 2020; Ishak et al., 2016) which found that the Halal Label positively and significantly affects Customer Loyalty through Green Halal Perceptions.

**The Effect of Eco Label on Customer Loyalty Through Halal Green Perception as a Mediating Variable (H10)**

According to the study findings, it was observed that Halal Green Perception serves as a partial mediator in the association between the Eco Label and Customer Loyalty. This is evident because both the direct and indirect effects exhibit significant influence. Halal Green Perception in this study is proven to be an important variable that can significantly influence Customer Loyalty as a mediator.

Halal and green characteristics can be visually associated on cosmetic products through extrinsic cues as a means to convince and convey the image of the halal and eco-friendly status of the product. For example, halal and green indicators can be seen through the use of Eco Label, thus consumers can choose cosmetic products based on the perceptions they develop based on the halal and eco-friendly cues of the product, consistent with signaling theory. Eco label is portrayed as a symbol of quality assurance and integrity that affects the level of trust of Muslim consumers. Halal green perceptions currently play an important role in the era of green consumerism. Positive perceptions of a product will lead to repeat purchases because consumers have trusted, which in turn will lead to consumer loyalty to the product. If consumers perceive that the value of a product is higher, then they will buy the product (Chen, 2008).

This study is corroborated by the findings of previous research conducted by (Novita Sari et al., 2022; Quoquab et al., 2020; Ishak et al., 2016), which discovered that the Eco Label exerts a positive and significant influence on Customer Loyalty through Halal Green Perception.

**Conclusions**

Based on the research that has been conducted, it can be concluded that the level of religiosity in Generation Z is not a determining factor that Generation Z consumers will remain loyal to halal green cosmetics. Young consumers tend to be less religious (Pew Research Center, 2018). This may be due to Generation Z's characteristics, which tend to prioritize freedom. They interpret spirituality more as inner peace but are not bound by religious values. In religious studies, groups like this are often referred to as New Age which is famous for its tagline, namely "believing in religion and God, respecting religion, but not wanting to be bound by certain religious values or agnostic" (News, 2023). Although Religiosity does not play a direct role in influencing Customer Loyalty in halal green cosmetics, it does not imply that these products cannot attract Generation Z. It should be noted that although Generation Z's religiosity level varies, they may still choose to be loyal to halal green cosmetics based on product quality assurance considerations, such as eco label and halal label. Extensive access to the internet makes Generation Z more aware of environmental issues and ethical consumption. In addition, quality assurance is also something that Generation Z pays attention to, as they do not want to carelessly choose cosmetics that can harm their skin health.

Halal Green Perception has a role as a mediator between Religiousness, Halal Label and Eco Label on Customer Loyalty, therefore it is important to increase Halal Green Perception with various efforts aimed at increasing consumer understanding and awareness of halal green cosmetics by ensuring that products are equipped with clear and transparent halal label and eco label.

This study has several limitations, where this study focuses on consumers of halal green cosmetics in Malang City and on Generation Z, so the results obtained in this study may not be fully generalizable to consumers in other countries or regions. Therefore, research is needed in a wider area and across generations to determine the generalizability of this study.

This research is expected to be used as a reference for future research by considering other variables that are not included in this research framework, so that a better level of accuracy can be obtained in identifying factors that influence Customer Loyalty in halal green cosmetics such as health consciousness, environmental awareness, ethical concern, emotional value, functional value, social value and so on.

Last but not least, from a marketer's perspective, this research will help policymakers and marketers to understand consumer behavior, especially Generation Z consumers. Based on this study, several recommendations are presented. First, since religiosity has no effect on customer loyalty, cosmetics product manufacturers should shift the focus from religiosity aspects to values such as product quality, safety, sustainability, and environmental concerns in marketing strategies. They need to ensure product portfolios match Generation Z preferences and build brand awareness through communication platforms relevant to this demographic. Collaboration with organizations or influencers who advocate for environmental issues is also crucial. Secondly, since Halal Green Perception acts as a mediator between Religiosity, Halal Label and Eco Label on Customer Loyalty, cosmetics manufacturers should strengthen the halal green perception in consumers' minds by ensuring that products are equipped with clear and transparent halal and eco label.
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References


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