Halal cosmetics' willingness to pay for the muslim millenial generation: Lessons from Bogor Regency, Indonesia

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Abstract
Purpose: This study investigates the willingness to pay (WTP) of the Muslim millennial generation in Bogor Regency, Indonesia, for halal-certified cosmetics and analyzes the factors influencing this decision.

Research Methodology: Using primary data from 100 millennial respondents collected through questionnaires, this study applied the Contingent Valuation Method (CVM) to determine WTP values. Structural equation model-partial least squares (SEM-PLS) was employed to analyze the relationship between WTP and influencing factors, including the perception of halal labels, brand image, attitude, and customer perceived value.

Results: The findings indicated that millennials' average WTP for halal-certified cosmetics was IDR 25,700. The perception of halal labels and customer-perceived value positively impact WTP, whereas brand image and attitude are not significant determinants.

Conclusions: Based on these results, it can be concluded that the WTP value of the millennial generation in Bogor Regency for halal cosmetics is 25,700 per product.

Limitations: This study focuses on a single region within Bogor, which limits its generalizability. Further studies should explore other regions and demographics in order to obtain broader insights.

Contribution: This study contributes to the understanding of consumer behavior regarding halal products, highlighting the importance of halal certification and perceived value. The findings could support manufacturers in improving marketing strategies and encourage policymakers to facilitate accessibility to halal certification and enhance the demand for halal products.

Keywords: *contingent valuation method, halal cosmetics, millennial generation, Structural Equation Model, Willingness to Pay*

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1. Introduction

In 2020, the population of Indonesia was documented as 270.20 million individuals, of which Muslims comprised the majority (BPS, 2024). Islam regulates all aspects of life. The influence of Islamic beliefs on behavior and decision-making is substantial, notably in the realm of purchasing, where Muslim customers tend to prioritize the assurance and halal status of products (Alqudsi, 2014). Consequently, to guarantee that a product in circulation in Indonesia is halal, the government safeguards the product by giving customers halal labels and certificates.

Halal certificates were obtained through procedures completed by industries, individuals, and legal entities. Consumer preference will be more pronounced for halal-labelled products if they are aware that the item has succeeded in the certification process (Iranmanesh, Mirzaei, Parvin Hosseini, & Zailani, 2020). According to certification data provided by the Indonesian Ulema Council's Institute for the Study of Food, Drugs, and Cosmetics (LPPOM MUI), there were 59 951 enterprises that offered 727,617 halal items between 2011 and 2018, of which 69 985 had already obtained halal certification. However, only 9.6% of the items had halal certificates.

The cosmetics industry is a halal industry that is currently the focus of the government. According to the Global Islamic Economic Report (2018), the global Muslim consumption of cosmetics has grown annually, and by 2024, it is expected to expand to USD 95 billion. As the most populous Muslim country in the world, Indonesia is a consumer of halal cosmetics and ranks second (Global Islamic Economic Report, 2020).. The cosmetics industry has been highlighted as the mainstay industry in the National Industrial Development Master Plan of the Ministry of Industry of the Republic of Indonesia from 2015 to 2035 (Kemenperin, 2015).

Proliferation in the cosmetics sector can be attributed to rising millennial demographics and substantial domestic market demand. Because of their tremendous potential and enthusiasm for technology, millennials exhibit attitudes and actions that are influenced by it. Technology exerts a beneficial impact by facilitating tasks for the current generation, including information retrieval, interaction management, and product purchasing (Cahyono, 2016).

The purchase of a product is influenced by consumers willingness to pay. Willingness to pay is an economic value defined as a measurement of the maximum amount consumers are willing to pay by sacrificing goods and services to obtain other goods and services (Kamal, 2014). Willingness to Pay is used to see the maximum value consumers are willing to pay for a product (Priambodo & Najib, 2016). Willingness to Pay starts with the concept of utility. In this case, income affects utility. If income is high, the goods or services they want to obtain will also be higher because each individual will try to maximize their utility. Price utility can be assessed by willingness to pay. In addition, according to Breidert, Hahsler, and Reutterer (2015), a product with a premium price will still attract consumers if the product being bought and sold is indeed a potential product.

Consumers' willingness to pay for a product considers not only price but also quality. In addition to quality, price and product benefits can influence loyalty (Bagram and Khan, 2012). Quality and benefits, with a good impact, make consumers repeat purchases because they feel satisfied rather than because of the costs incurred. Loyal consumers are more willing to pay higher costs than significant risks when trying other products (Khraim, 2011). According to Kotler and Keller (2009), loyal consumers are created because companies can satisfy them in various ways.
Statistics Indonesia and Badan Pusan Statistik (BPS) state that most of Indonesia's population is centered on Java. Java has the highest concentration of millennials based on the BPS 2019 projection data. West Java had 48.27 million inhabitants in September 2020. Based on prior census results, West Java's population, dominated by the millennial generation, has increased by 26.07 percent, or 12.5 million people of the total population.

Bogor Regency had the largest population in West Java in 2020. The population in Bogor Regency is still in the productive age (15-64 years) and has the largest population (BPS, 2022)Click or tap here to enter text.. Bogor Regency was awarded the Best Halal Region in the 2016 Halal Award. Given the potential of Bogor Regency as the Best Halal Region, it is necessary to conduct research on the millennial generation's willingness to buy halal products, particularly halal-certified cosmetics. This is essential because the greater the cost that consumers are willing to pay for a product, the more the company has succeeded in convincing consumers that the products offered are indeed produced in a halal manner and are safe to use.

This study aims to investigate the maximum price millennials are willing to pay to buy halal-certified cosmetic products and to examine the factors that influence the millennial generation's WTP for halal-certified cosmetics. This study provides valuable insights for manufacturers, specifically regarding their marketing strategies and the government's deliberations regarding the production of items with halal certification labels.

Prior studies have discussed WTP for halal products, including halal cosmetics (Listyarini & Setiartiti, 2020), fitri and Indriyanti (2020), and Handriana et al. (2021), Ahmed, Najmi, Faizan, and Ahmed (2018), dan Khan, Sarwar, and Tan (2021). In contrast to previous research, this study examined WTP, especially for the millennial generation in Bogor Regency, using the analysis method structural equation modeling (SEM). The variables used were perception of halal labels, brand image, attitude, and customer-perceived value.

The Perception of Halal Labels reflects how consumers interpret and evaluate the assurance provided by halal certification, which can directly influence their perceptions of brand image. A stronger brand image may reinforce a positive attitude toward the product, as consumers associate the brand with quality, ethical production, and adherence to Islamic law. Customer-perceived value encompasses a comparison of the benefits, quality, and price of halal cosmetics with those of competing products. These interrelated factors are expected to shape millennial consumers' willingness to pay (WTP), as they balance the costs against the perceived benefits of purchasing halal-certified cosmetics.

2. Literature Review

The halal cosmetics industry has witnessed significant growth in recent years, reflecting consumers' increasing preference for products that comply with Islamic laws. As defined by Law No. 33 of 2014, halal products adhere to Islamic principles, ensuring that they are obtained, processed, stored, and transported according to Sharia regulations. The Indonesian Ulema Council (MUI) provides halal certifications for products that meet these criteria, including cosmetics, which are becoming increasingly important to consumers. To ensure product compliance, LPPOM-MUI conducts rigorous testing, instilling consumer confidence and safety (Yuswohady et al., 2014).

According to Kotler and Armstrong (2008), labels convey product information to consumers. In halal cosmetics, labels indicate compliance with Islamic law and provide consumer assurance regarding a product's ingredients and production processes (Tjiptono 2008). These labels signify adherence to halal standards in the LPPOM-MUI sets, reflecting consumers' growing demand for halal-certified cosmetics. Halal labeling encompasses criteria such as the absence of prohibited ingredients and alcohol and ensuring contamination-free storage and transportation (Syahputra & Hamoraon, 2014).

Indonesia's burgeoning halal cosmetics market reflects several factors that have contributed to its growth. Rini (2018) notes a significant increase in the industry's value, reaching Rp7.64 trillion in 2019, driven by a growth rate exceeding 7%. Factors fueling this growth include the improved quality of domestic cosmetics, increased purchasing power, and currency exchange rate fluctuations, prompting a higher demand for locally produced cosmetics (Kunjana, 2018). Additionally, technological advancements have enhanced the competitiveness of the cosmetics industry, attracting domestic and imported products to meet consumer demand (Databoks, 2016).

As defined by the Indonesian Food and Drug Supervisory Agency regulations, cosmetics encompass materials used for external body care, cleansing, and beautification. Compliance with Sharia principles is paramount for the production and use of cosmetics, as outlined in the DSN-MUI Fatwa No. 26 of 2013. This fatwa sets forth conditions for cosmetic usage, emphasizing adherence to Islamic law and avoiding impure or haram materials (DSN-MUI Fatwa No. 26 of 2013). Notably, cosmetics are no longer exclusively associated with women as men increasingly embrace grooming and self-care products (Swidi, Cheng, Hassan, Al-Hosam, & Mohd Kassim, 2010).

The demand for halal cosmetics is driven by consumers' increasing awareness and knowledge of halal products (Rahim, Shafii, & Shahwan, 2015). In particular, religious consumers seek halal-certified products that are influenced by their understanding of Islamic principles and dietary laws (Hashim & Musa, 2014; Luthfiana, Wiliasih, Irfany, & Haq, 2022)Click or tap here to enter text.. Apart from that, the halal concept is not only a form of attachment or obedience, but is also the standard of choice for Muslims and non-Muslims worldwide. Recent studies, such as Ulfa, Arsyianti, Irfany, and Haq (2022), clicked or tapped here to enter the text. reveal that non-Muslim consumers positively perceive halal products and services. Consumer behavior studies indicate a preference for halal cosmetics among those knowledgeable about halal standards, underscoring the importance of halal certification in purchasing decisions (Rahim et al., 2015). The growing acceptance of and positive attitudes towards halal cosmetics reflects changing consumer preferences and an evolving marketplace.

Willingness to Pay (WTP) is a crucial concept in consumer behavior, reflecting the amount individuals are willing to spend on specific goods or services. As described by Kling et al. (2013), WTP signifies consumers' readiness to purchase particular items and indicates the perassignedt they assign to these products. Simonson and Drolet (2004) further elaborate that WTP reflects the price that consumers are willing to pay based on their assessment of the product's value and how it is acquired. This notion is echoed by Horowitz and McConnell (2003), who emphasize that WTP indicates the monetary value that consumers attach to a product, influencing their purchasing decisions. Kotler (2003) highlighted that price plays a pivotal role in consumer behavior, representing the exchange value required to obtain a desired product or service. Stanton (2000) underscores the significance of product quality, benefits, and price comparisons in shaping consumer price perceptions.

Tjiptono (2008) underscores the role of price in consumers' decision-making processes, resource allocation, and product selection. Understanding WTP involves recognizing the concept of utility, where consumers seek to maximize their satisfaction with their available income (Suhuyini, Akwotajie, & Yahaya, 2024)Click or tap here to enter text.. As explained by Perloff (2009), demand refers to the quantity of goods or services that consumers are willing to purchase at various price levels, reflecting their preferences and purchasing power. As introduced by Kelvin Lancaster (Douglas, 1992), Lancaster's consumer behavior analysis emphasizes product attributes that generate utility and influence consumer brand preferences.

Several studies have been undertaken to better understand customer behavior in terms of willingness to pay (WTP) and intention to purchase halal cosmetic products. Listyarini and Setiartiti (2020) conducted research in Yogyakarta to determine the impact of product knowledge, promotion, consumer awareness, payment frequency, and income on WTP for halal cosmetics in non-Muslim communities. In Jakarta, Fitri and Indriyanti (2020) click on or tap to enter the text. evaluated the influence of knowledge, religion, attitudes, and intentions on WTP for halal cosmetic goods from the Inez brand. Handriana et al. (2021) investigated the purchasing behaviors of female millennials in Indonesia for halal cosmetic items, focusing on characteristics such as perceived value, brand image, religious convictions, and halal certification.

Ahmed et al. (2018) conducted a study in Karachi, Pakistan, to investigate the association between perceived halal utility, concern for halal, attitude, religiosity, and product ingredients and WTP for halal products. Khan et al. (2021) studied Generation Y's purchase intentions for local and foreign halal cosmetic products in Malaysia, emphasizing the impact of composition elements and halal logos on purchase intentions. This study provides vital insights into the factors that influence customers' WTP and purchase intentions for halal cosmetic goods in various contexts and groups.

2.1 Perception of Halal Label and WTP
Perception of Halal Labels significantly influences consumers' willingness to pay (WTP) for halal cosmetics. Research indicates that consumers, particularly Muslim women, show a strong preference for products with halal certification and are often willing to pay a premium for them. Afrianti and

Suprianto (2024) found that consumers demonstrated a positive and significant interest in purchasing halal-labelled cosmetics compared to non-halal options. The presence of a halal label is perceived as a guarantee of product quality, leading to increased consumer confidence and willingness to pay (Reza, Hasda, Syaipudin, & Rizky, 2024). This finding aligns with Rahim et al. (2015), who suggest that halal labeling increases perceived product legitimacy, fostering a higher WTP among religious consumers. The stronger the perception of the halal label's authenticity, the more likely consumers are to value the product and express higher WTP

H1: Perception of halal labels has a positive and significant effect on willingness to pay for halal-labeled cosmetics.

2.2 Brand Image and WTP

Brand image plays a crucial role in shaping consumer trust and perceived value (Muslim, Mubarok, & Wijaya, 2019). Click or tap here to enter text, which in turn influences consumers' WTP. According to Kotler and Keller (2016), brand image reflects how consumers perceive a brand based on their past experiences and opinions. Positive brand images, particularly those aligned with halal principles, significantly enhance consumer trust. Aliza and Akbar (2024) demonstrate that a strong brand image linked to ethical and Islamic principles leads to a higher WTP for halal cosmetics. Amani (2024) highlighted that perceived brand integrity and corporate legitimacy have a strong positive effect on consumers' WTP. Consumers are willing to pay premium prices for brands that project ethical behaviors and align with Islamic values, further strengthening the brand-consumer relationship.

H2: Brand image has a positive and significant effect on willingness to pay for halal-labeled cosmetics.

2.3 Attitude and WTP

Attitudes toward halal cosmetics have been shown to strongly influence WTP. (Anderson, 2013) Theory Planned Behavior suggests that attitudes are a significant predictor of consumer intentions and behavior, including purchasing decisions. Favorable attitudes towards halal cosmetics are associated with a higher WTP. A study by Sukma, Putra, and Sutejo (2023), focusing on young consumers, found that favorable attitudes and perceived behavioral control positively affect their intention to buy halal cosmetics. Moreover, Jannah and Al-Banna (2021) suggest that halal awareness and positive consumer attitudes driven by effective halal marketing directly increase WTP. In addition, Satria and Indra (2024) indicate that Generation Z consumers, particularly concerned with product safety and quality, exhibit a strong willingness to pay for halal cosmetics that align with these values.

H3: Attitude has a positive and significant effect on willingness to pay for halal-labeled cosmetics.

2.4 Customer Perceived Value on Halal Brand and WTP

Customer perceived value is another critical determinant of WTP for halal cosmetics. Aaker (1997) defined customer perceived value as a consumer's overall assessment of a product's utility, based on their perceptions of benefits and costs. Immawati, Jumarno, Kasmo, and Tafiprios (2024) showed that consumers' assessment of halal cosmetics in terms of quality, safety, and compliance with Sharia principles significantly enhances their loyalty and satisfaction, which in turn increases their WTP. Furthermore, Ismail, Muda, and Lee (2024) found that Muslim women with strong religious commitments and brand awareness are willing to pay a premium for halal cosmetics, reflecting the high perceived value of these products. Additionally, positive brand credibility and word-of-mouth, as noted by Oppong, Ansah, Dankwah, and Owusu (2013), further enhance perceived value, which drives a higher WTP for halal-certified cosmetics.

H4: Customer Perceived Value on Halal Brand has a positive and significant effect on willingness to pay for halal-labeled cosmetics.

3. Methodology
3.1 Data

This study used only the primary data that had been collected. Primary data were collected through interviews and questionnaires with respondents, specifically the millennial generation in Bogor Regency. This information is used to assess customers' willingness to pay for cosmetic products. The

population in this study was of the millennial generation in Bogor Regency, with sampling using a purposive sampling technique and respondent criteria as follows.
1. The respondents were women aged 25-40 years and were Muslim.
2. Respondents were domiciled in Bogor Regency.
3. The respondents were consumers of halal-certified cosmetics.
4. The respondents were willing to pay additional fees for halal-certified cosmetics.

The number of respondents in this study was 100, as obtained from the population data based on the calculation of the Slovin formula.

$$n = \frac{N}{1 + Ne^2}$$

Then,

        n= numbers of sample
        N= numbers of population
        e= margin of errors, 10%

Thus, the number of samples obtained is

$$n = \frac{1.479.645}{1 + 1.479.645\,(0{,}1)^2}$$
$$n = 99{,}993 \sim 100 \text{ people}$$

According to Hair et al. (2013), the minimum recommended sample size for SEM estimation is 100–300. The sample size was adequate because it met the minimum criterion of the MLE technique for 100–200 samples.

3.2 Data Analysis
The results of the online questionnaire will be analyzed using descriptive analysis methods to analyze the characteristics of the millennial generation's attitudes toward halal-certified cosmetics, and a Contingent Valuation Model analysis will be used to determine the value of the millennial generation's willingness to pay for halal-certified cosmetics, as well as a Structural Equation Model analysis to test the effect of complex variables.

CVM is a computational method that emphasizes the expected value of money for public goods by explicitly inquiring about an individual's willingness to pay for such things based on personal preferences. The CVM approach permits the estimation of the economic worth of a good that is not traded in the market. Hanley and Spash (1996) explained several operational stages of CVM applications, including
1. Creating a Market Hypothesis
Constructing a hypothetical market is the first stage of a CVM study. The scenario in the survey instrument (questionnaire) must be explained clearly so that respondents can understand what will be asked. The questionnaire must describe whether the consumer is willing to pay a specific price, and explain how the decision regarding the planned activity continues.
2. Obtaining WTP auction/offer values (bids).
The auction/bidding value is obtained from a questionnaire prepared to obtain the maximum WTP value from the millennial generation for payments for halal-certified cosmetics and can use structured question-making techniques. Several methods can be used to obtain the maximum WTP values.
a. An open-ended question regarding the maximum WTP willing to be paid, so that respondents can determine the maximum value.
b. Bidding Game: That is, asking repeated questions regarding the amount of payment the respondent wants. The payment amount is limited to the lowest and highest values of the maximum WTP.
3. Calculating the average WTP

The average WTP value was calculated as the total WTP value divided by the number of respondents using the following formula:

$$\text{EWTP} = \frac{\sum_{i=1}^{n} Wi}{n}$$

Then, EWTP determines the estimated average WTP value, Wi as WTP value for i, *where i* is the first respondent who is willing to pay, and n is the number of respondents.

4. Estimating the auction curve (bid curve)

Auction curve estimation can be performed by regressing WTP as a dependent variable and the factors influencing it as independent variables. In this study, the auction curve links the willingness to pay value paid to the cumulative frequency of the millennial generation, who are willing to pay additional costs for halal-certified cosmetics.

Structural Equation Modeling (SEM) serves as a comprehensive statistical approach that combines structural models, path analysis, and factor analysis methods. The primary objective was to investigate the relationships among the variables, indicators and their constructs, and associations between constructs. While CB-SEM focuses on covariance structures and is suited for testing complex theoretical models with large sample sizes, PLS-SEM, developed by Herman Wold, emphasizes estimating path models with latent constructs and is particularly beneficial for exploring theories with weak relationships and addressing data distribution normality assumptions. The use of PLS-SEM in this study underscores its utility in analyzing complex models with latent variables and multiple indicators, especially when facing challenges related to sample size and data distribution (Jogiyanto & Abdillah, 2009).

This study used five variables: perception of halal labels, brand image, attitude, customer-perceived value, and Willingness to Pay. Table 1 presents the definitions of each variable and indicator.

Table 1 Variables and Indicators

Variables	Operational definition
Perception of Halal Label	Individuals' interpretations and evaluations lead to the conclusion that goods labeled halal are assured to be halal and approved by Islamic law (Rahim et al., 2015)
Brand Image	Consumer perception of a brand is a reflection of what is in the consumer's mind (Kotler & Keller, 2016)
Attitude	Overall concept evaluation carried out by someone (Peter & Olson, 2013)
Customer Perceived Value on Halal Brand	Consumers compare products/services from certain companies with competing companies in terms of benefits, quality and price (Aaker, 1997)
Willingness To Pay	Measurement of a person's maximum amount of value by sacrificing goods and services to obtain goods and services (Fauzi, 2004)

4. Result and discussions

4.1. Research Result

4.1.1 Respondent Characteristics

Respondent characteristics are essential, as they influence assessment outcomes, with variations in responses expected due to individual backgrounds. Data on respondent characteristics were gathered using an online Google form distributed via social media, resulting in a sample of 100 Muslim individuals aged 25–40 years who used cosmetics. Respondents were allowed to indicate their willingness to pay extra money for halal certification. Table 2 illustrates the distribution of respondents' willingness to pay for halal certification.

Table 2. Distribution of respondents based on groups of willingness to pay additional costs for halal certificates for cosmetics

User Group Type	Number of Respondents (person)	Percentages (%)
Willing to pay extra	98	98%
Not willing to pay extra	2	2%
Total	**100**	**100%**

Source: Authors' estimation (2021)

Table 2 shows that 98 people (98% of the respondents) were willing to pay additional costs for halal-certified cosmetics and 2% were not willing to pay additional costs for halal-certified cosmetics. Therefore, halal certificates should be included.

Respondents' ages were described, specifically their identification. The majority of halal cosmetic consumers were female responders aged 25–30 years. As shown in Table 3, 51 people (51%) were between the ages of 25 and 30, 23 (23%) were between the ages of 31 and 35, and 26 (26%) were between 36 and 40.

Table 3. Characteristic respondents by Age

Characteristics (age)	Number of Respondents (person)	Percentages (%)
25-30 years	**51**	**51%**
31-35 years	23	23%
36-40 years	26	26%

Source: Authors'estimation (2021)

The following is a description of the respondents based on their current level of education. The educational level of respondents who used halal cosmetics was dominated by consumers who had completed a bachelor's degree. Seventy-nine people (79 %) had studied for a bachelor's degree. Meanwhile, 11 people (11 %) had studied for their master's degree, and other respondents had studied up to SMA/SMK/equivalent and Diploma.

Table 4. Characteristic respondents by education

Education	Number of Respondents (person)	Percentages (%)

High schools/equivalent	4	4%
D3	6	6%
S1	**79**	**79%**
S2	11	11%

Source: Authors' estimation (2021)

The following is a description of respondents based on their current employment status, which can be classified into the four categories listed in Table 4. Of the 100 respondents, 32 (32 %) were Civil Servants, 27 (27 %) were Private Employees, 22 (22 %) were entrepreneurs, and 19 (19 %) were homemakers. Thus, civil servants dominated the type of work of respondents who used halal cosmetics.

Table 5. Characteristic respondents by job

Characteristics (job)	Number of Respondents (person)	Percentages (%)
Homemakers	19	19%
Civil Servants	**32**	**32%**
Private Employee	27	27%
Entrepreneurs	22	22%

Source: Authors' estimation (2021)

The respondents' marital status is described below. The findings of the 100 responses were 75 individuals: 75% were married, 23 people or 23 were unmarried, and two people, or 2%) were married. Thus, married consumers accounted for the majority of respondents who used halal cosmetics.

Table 6. Characteristic respondents by marital status

Mariage Status	Number of Respondents (person)	Percentages (%)
Not married yet	23	23%
Married	**75**	**75%**
Ever been married	2	2%

Source: Authors' estimation (2021)

Description of respondents based on income level, namely, describing the respondent's identity based on monthly income level. The results of the 100 respondents, two people or 2%, had an income below IDR 500,000, 1 person or 1% had an income between IDR 500,001 to IDR 1,000,000, 38 people or 38%, had an income between IDR 1,000,001 to IDR 2,500,000, 42 people or 42% had an income between IDR 2,500,001 to IDR 5,000,000 and 17 people or 17% had an income of more than IDR 5,000,000. So, it was concluded that when the research was conducted, respondents who used halal cosmetics in Bogor Regency were dominated by respondents with a monthly income level of between IDR 2,500,001 and IDR 5,000,000.

Table 7. Characteristic Respondents by Income

Income (IDR)	Number of Respondents (person)	Percentages (%)
<500.000	2	2%
500.001 – 1.000.000	1	1%
1.000.001 – 2.500.000	38	38%
2.500.001 – 5.000.000	**42**	**42%**
>5.000.000	17	17%

Source: Authors' estimation (2021)

The following is a description of the respondents based on their expenditure on halal cosmetics. The results for the 100 respondents showed that 42 people (42 %) spent less than IDR 500, 000 on cosmetics monthly, 44 people (44 %) spent between IDR 500,001 and IDR 1,000,000, and 12 people (12 %) spent between IDR 1,000,001 and IDR 2. 500,000, and 2 people or 2% spend between IDR 2,500,001 to IDR 5,000,000. So, spending on cosmetics is dominated by respondents between IDR 500,001 and IDR 1,000,000.

Table 8. Characteristic respondents by cosmetics expenditure

Characteristics (income-IDR)	Number of Respondents (person)	Percentages (%)
<500.000	42	42%
500.001 – 1.000.000	**44**	**44%**
1.000.001 – 2.500.000	12	12%
2.500.001 – 5.000.000	2	2%

Source: Authors' estimation (2021)

4.1.2 Willingness to Pay Analysis
The willingness-to-pay analysis approach uses Contingent Valuation Model (CVM) analysis to determine the Millennial Generation's value for halal-certified cosmetic products. The results of the CVM analysis were as follows:
1. Create a hypothetical market
Creating a hypothetical market describes a hypothetical condition regarding cosmetic products on the market, primarily halal-certified, so that respondents obtain information about the importance of halal certificates in cosmetics.
2. Obtain WTP value (Obtaining Bids)
A bidding game was used in this study. Respondents were repeatedly asked about the number of additional cost payments for cosmetics, which were limited by the highest and lowest values of the maximum WTP.
3. Calculate the estimated mean WTP (Estimate Mean WTP/Ewtp)
The estimated average WTP (EWTP) of the respondents was calculated using the EWTP formula. The PAP group of respondents ranged from the smallest to the largest.

Table 9. Distribution of Millennial Generation's WTP towards Halal Certified Cosmetics

No	WTP (Rp)	Number of Respondents (n)	WTP x Number of Respondents (Rp)
1	Rp20 000.00	37	740 000
2	Rp25 000.00	34	850 000
3	Rp30 000.00	14	420 000
4	Rp35 000.00	8	280 000
5	Rp40 000.00	7	280 000
	Total	100	**2 570 000**
	Weighted Average		**25 700**

Source: Authors' estimation (2021)

Table 9 shows that the lowest WTP value paid by consumers was Rp. 20,000.00, while the highest WTP was Rp. 40,000.00. This demonstrates millennials' willingness to pay more for halal-certified cosmetics.

4. Estimate the auction curve

A cumulative number was used to estimate the respondents' WTP curve and to select the WTP value. The WTP curve in Figure 1 has a negative slope, which means that when the price of cosmetics is lower, the number of respondents who will pay for halal-labelled cosmetic products increases.
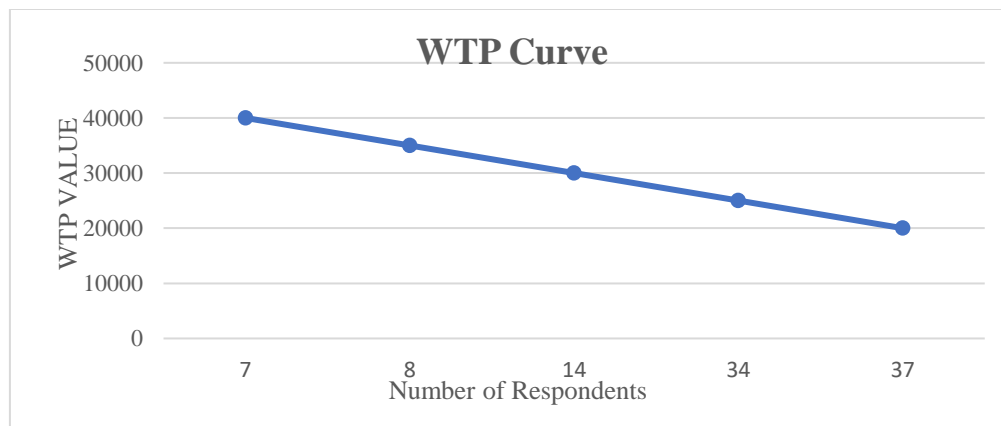

Figure 1. WTP Curve of Halal Labeled Cosmetics

4.1.3 SEM-PLS Analysis

1. Measurement Model Evaluation (Outer Model)

An outer analysis or measurement model was used to summarize the correlations between the indicator blocks and latent variables. The outer model was assessed for convergent and discriminant validity, and composite reliability. Convergent validity assesses the validity of an indicator as a measure of latent variables. Discriminant validity was tested to determine whether the indicators used could describe the latent variables. Composite reliability was used to examine the dependability of the indicators on the latent variables.

a. Convergent validity

Convergent validity assesses the significant correlation between constructs and latent variables. A loading factor value of more than 0.7 is used to evaluate the rule of thumb. However, loading factors ranging from 0.5 to 0.6 can be tolerated. The first model of the research analysis is as follows:
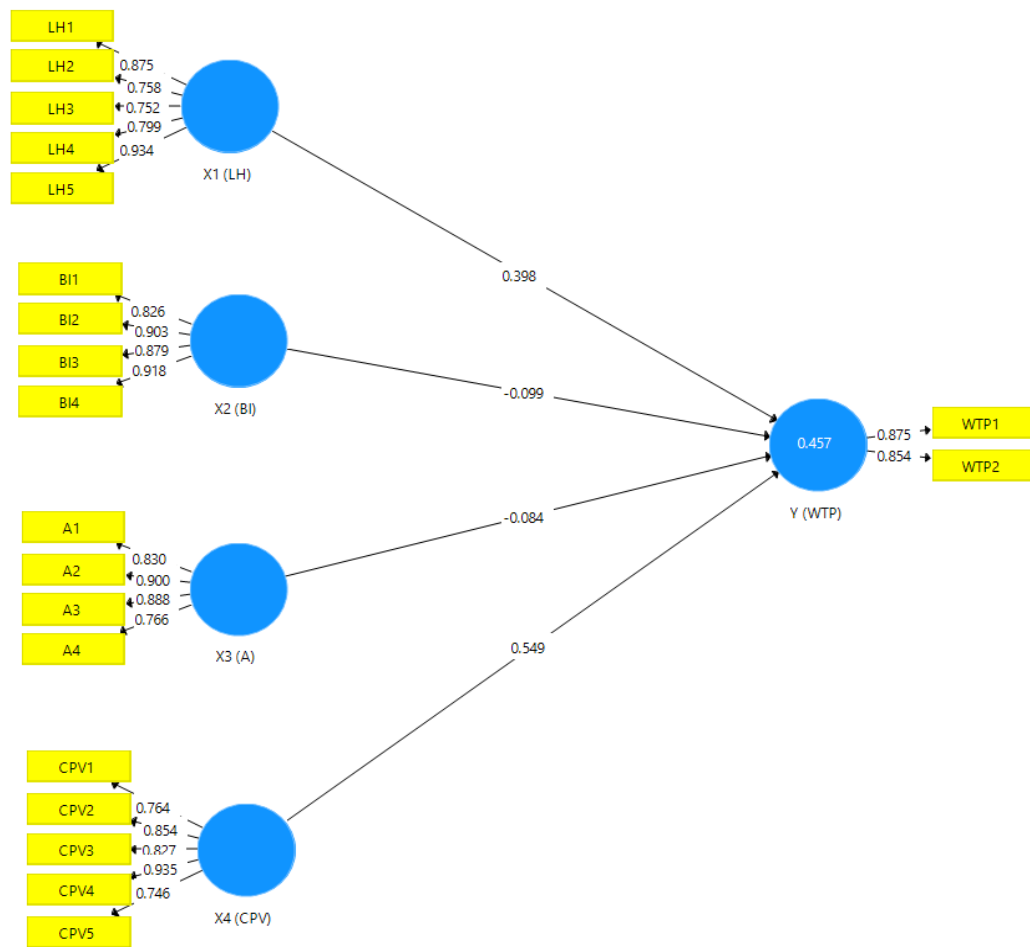
Figure 2. Initial Loading Factor Model Value

Each construct must have an Average Variance Extracted (AVE) greater than 0.5, which is considered a good model (Ghozali & Latan, 2015). According to the test results in Table 2, all AVE values exceeded 0.5. Thus, it can be concluded that the scale has a high level of validity.
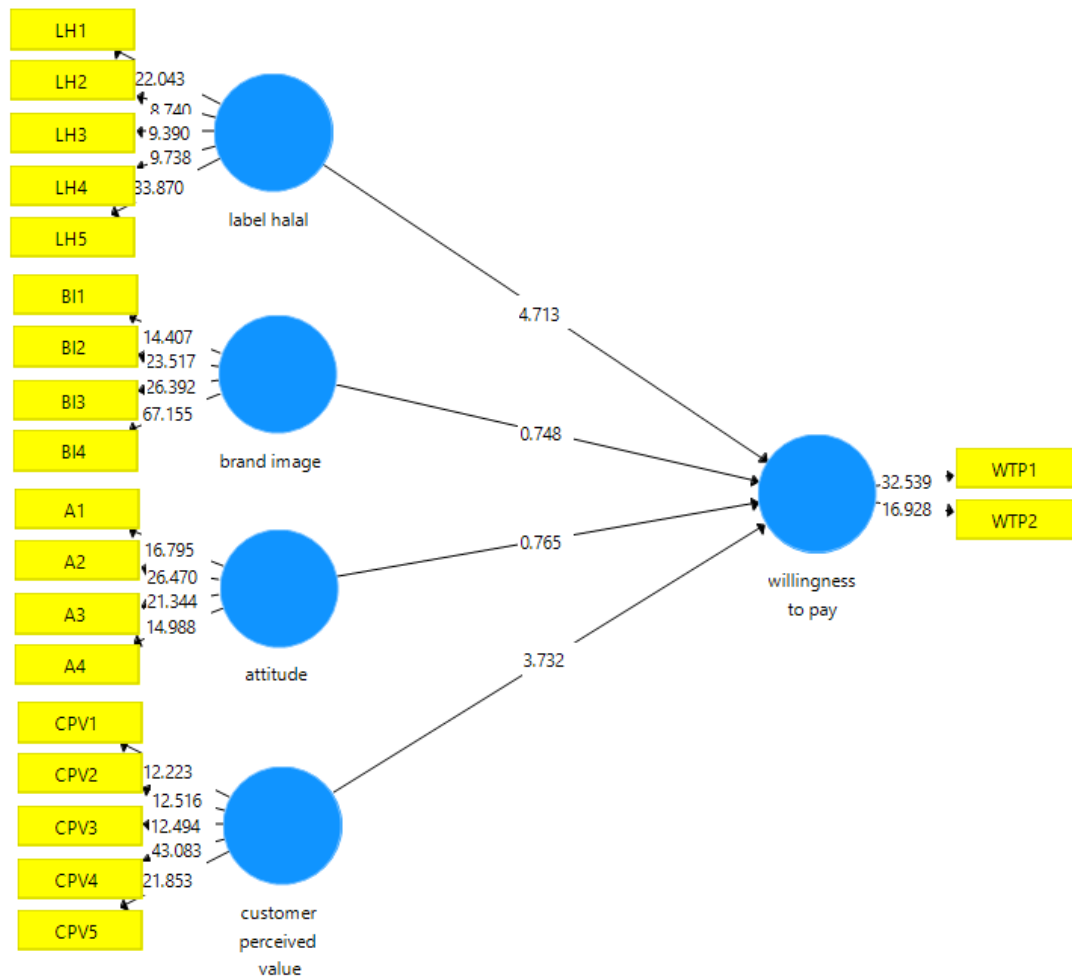
Figure 3. Final Loading Factor Model Value

Average Variance Extracted (AVE) is another approach for determining convergent validity. This model may be effective if the AVE value is greater than 0.50. The test results revealed that the AVE value for all variables was greater than 0.50. Therefore, it can be regarded as having a high level of validity. These are the AVE values for all variables.

Table 10 *Average Variance Extracted Value*

Latent Variable	AVE
Perception of Halal Label	0.683
Brand image	0.778
Attitude	0.718
Customer perceived value	0.685
Willingness to Pay	0.747

b. Discriminant validity

The purpose of discriminant validity was to demonstrate that respondents who completed the questionnaire were not confused by the questions of each latent variable, particularly their meaning. Discriminant validity can be achieved if the AVE value is greater than the correlation of the latent variable (Fornell and Larcker, 1981).

Table 11. Cross-Loading Label Test Results

	Perception of Halal Label	Brand Image	Attitude	Customer perceived value	Willingness to Pay
LH1	**0.875**	0.297	0.561	0.362	0.460
LH2	**0.758**	0.272	0.507	0.316	0.446
LH3	**0.752**	0.175	0.139	0.318	0.456
LH4	**0.799**	0.202	0.274	0.277	0.379
LH5	**0.934**	0.260	0.439	0.386	0.522
BI1	0.087	**0.826**	0.462	0.636	0.279
BI2	0.310	**0.903**	0.562	0.756	0.403
BI3	0.222	**0.879**	0.649	0.698	0.306
BI4	0.359	**0.918**	0.661	0.741	0.408
A1	0.301	0.596	**0.830**	0.620	0.314
A2	0.357	0.570	**0.900**	0.585	0.367
A3	0.285	0.692	**0.888**	0.691	0.310
A4	0.578	0.429	**0.766**	0.539	0.429
CPV1	0.312	0.712	0.477	**0.764**	0.343
CPV2	0.292	0.777	0.584	**0.854**	0.354
CPV3	0.252	0.787	0.582	**0.827**	0.333
CPV4	0.279	0.778	0.691	**0.935**	0.487
CPV5	0.447	0.423	0.574	**0.746**	0.651
WTP1	0.559	0.207	0.283	0.420	**0.875**
WTP2	0.390	0.503	0.468	0.571	**0.854**

Source: Author's estimation (2021)

Table 10 shows the correlations between all indicators, with the variable having a greater value than the others. Latent variables predict indicators in their blocks more accurately than those in other blocks. Consequently, it can be argued that the model satisfied the discriminant validity criterion.

Furthermore, the variable was considered good if the square root of the AVE for each variable exceeded the correlation value between the variables and the other variables in the same column. The AVE square-root value results in Table 12 suggest that each indicator describes a latent variable.

Table 12. AVE Square Root

	Perception of Halal Label	Brand image	Attitude	Customer perceived value	Willingness to Pay

Perception of Halal Label	**0.827**			
Brand image	0.293	**0.882**		
Attitude	0.470	0.665	**0.848**	
Customer perceived value	0.405	0.806	0.716	**0.828**
Willingness to Pay	0.552	0.404	0.430	0.570	**0.864**

Source: Own estimation (2021)

c. Composite reliability

Reliability testing can be performed using composite reliability and Cronbach's alpha. The composite dependability value is acceptable if it is greater than 0.70, while 0.60 is also acceptable (Ghozali & Latan, 2015). Cronbach's alpha and composite reliability yielded the following results:

Table 13. Output of Composite Reliability

	Composite reliability	Cronbach's alpha
Perception of Halal Label	0.915	0.882
Brand image	0.933	0.906
Attitude	0.910	0.869
Customer perceived value	0.915	0.889
Willingness to Pay	0.855	0.662

Source: Own estimation (2021)

The values of all variables listed in Table 13 are greater than 0.70, and one variable has a result above 0.60. Each variable had good reliability.

2. Evaluation of the Inner model (Structural Model)

Inner or structural model evaluation aims to predict the correlation between latent variables, and the inner model is evaluated using the R-squared test (R2) and the significance test (Ghozali, 2014). The R-squared test was used to determine the degree of influence of the independent latent variable on the dependent latent variable. A significance test was used to establish correlations between the dependent and independent variables (Ghozali 2014).

1)   R-square Test

The predictive strength of the inner model was determined using the R-squared (R^2) for each endogenous latent variable. The proposed model predicts better with a higher R^2 value. The result of R^2 is 0.19; 0.33; 0.67 indicates "weak," "moderate" and "good" models (Chin, 1998).

Table 14. R-square Value

	R-square	R-square Adjusted

Willingness to Pay	0.457	0.434

Source: Own estimation (2021)

As shown in Table 14, the resulting model was moderate. The R-square value of the Willingness to Pay (Y) variable was 0.457. This means that the Halal Label variable (X_1), brand image (X_2), attitude (X_3), and customer perceived value (X_4) can explain the Willingness to Pay (Y) variable by 45.7%, while other variables explain 54.3% outside the model under study.

2)   Path Coefficient

The path coefficient compares t-arithmetic with the t-table by testing it to determine the effect between the variables. The calculated t-value was obtained by bootstrapping using the Smart-PLS program, which minimized the abnormality in the research data. The t-statistic value was used for hypothesis testing. For =5%, the t-statistic value was 1,96. The criteria for accepting or rejecting the hypothesis was that Ha was accepted and H0 was rejected. Table 15 presents the bootstrap resampling results are as follows (Table 15):

Table 15. Path Coefficient Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics	P Values
Halal Label →WTP	0.398	0.397	0.085	4.713	0.000
Brand image →WTP	-0.099	-0.101	0.133	0.748	0.455
Attitude →WTP	-0.084	-0.084	0.110	0.765	0.445
Customer Perceived Value →WTP	0.549	0.559	0.147	3.732	0.000

Source: Own estimation (2021)

The path coefficient results reveal that the two variables significantly positively affect WTP, including the Perception of Halal Label variable and customer perceived value. The results also show that the brand image and attitude variables are not significant in the WTP.

4.2. Analysis and Discussion

4.2.1 The Influence of Perception of Halal Label on Willingness to Pay Halal Labeled Cosmetics

The output of the path coefficient exhibits a statistical value for the Perception of Halal Label variable on the WTP variable, which is proven to be significant.

The 0.398 coefficient value associated with the halal label indicates a positive impact on the WTP variable. Consequently, halal labels significantly affect consumer purchasing decisions. These results align with Sadzalia (2015), who highlighted that the halal label variable affects purchasing decisions for cosmetic products in Malang. The availability of halal labeling in cosmetic products offers consumers a good perception and valuable opportunity for purchasing decisions. This inspires consumer confidence, which influences their cosmetic product purchasing decisions.

4.2.2 The Influence of Brand Image on Willingness to Pay of Halal Labeled Cosmetics

The output of the path coefficient indicates a negative influence of brand image on WTP, with a path coefficient of -0.099. However, this coefficient is not significant at the 5% level, as evidenced by the t-statistic value of 0.748 and a Probability Value (P value) exceeding 0.05 (0.455). This means that the brand image variable does not have a significant influence on WTP for cosmetic products labeled halal. These results align with the research by Zahrah, Muslichah, and Nazarie (2023), which shows that brand image does not significantly influence purchase intention.

4.2.3 The Influence of Attitude on Willingness to Pay of Halal Labeled Cosmetics

The output of the path coefficient indicated a negative influence of attitude on Willingness to Pay (Y), with a path coefficient of -0.084. However, this coefficient is not significant at the 5% level, as evidenced by the t-statistic value of 0.765 and a Probability Value (P value) exceeding 0.05 (0.445). This means that the attitude variable does not have a significant influence on WTP for cosmetic products labeled halal. These findings are consistent with those of Divianjella, Muslichah, and Ariff (2020), who discovered that attitude does not always have a direct impact on willingness to pay for halal products. Likewise, research results from Amanu (2019) concluded that the attitude variable had no effect because respondents did not care about ethical values when purchasing halal cosmetic products.

4.2.4 The Influence of Customer Perceived Value on Willingness to Pay of Halal Labeled Cosmetics

The output of the path coefficient depicts the statistical value of the customer perceived value variable on the willingness-to-pay variable, which is proven to be significant. The coefficient of the customer-perceived value variable of 0.549 indicated a positive influence on the willingness-to-pay variable. This study aligns with (Diarti & Hesniati, 2024)Click or tap here to enter text. and Handriana et al. (2021) regarding the purchase behavior of the millennial generation of eco friendly and halal cosmetic products, which underscored that perceived value affects consumer confidence in halal cosmetic products. This is due to the high value of consumer perceptions, which leads consumers to be more confident about the use of halal cosmetic products.

4.3 Implication

These findings have significant managerial and policy implications for the halal cosmetics industry, particularly in Indonesia.

4.3.1 Managerial Implications

First, halal certification plays a critical role in influencing consumer behavior, as demonstrated by the strong positive relationship between perceptions of halal labels and consumers' willingness to pay (WTP). Manufacturers must prioritize obtaining halal certification and displaying halal labels on their products, as consumers perceive these labels as a guarantee of product quality, safety, and adherence to Islamic principles (Ahmed et al., 2018; Handriana et al., 2021). This strategy is particularly effective in attracting millennial demographics who are increasingly concerned with ethical consumption and product authenticity.

Based on the findings of Shahnia, Permana, Harini, Endri, and Wahyuningsih (2024), the roles of halal certification and halal awareness are critical in influencing consumer attitudes, acting as mediators in enhancing purchase intentions. This is consistent with our study, which found that a strong perception of halal certification positively impacts millennials' willingness to pay (WTP) for halal-certified cosmetics. The reliability and authenticity of these certifications create a sense of trust among consumers, aligning with the theory that trust and positive attitudes lead to higher purchase intention Furthermore, enhancing customer-perceived value should be a key focus for companies. The positive influence of perceived value on WTP suggests that consumers are willing to pay a premium for products that they perceive as offering superior quality, safety, and compliance with Sharia principles (Aaker, 1997; Immawati et al., 2024). Companies can achieve this by investing in product innovation, improving quality, and communicating benefits to consumers through targeted marketing campaigns. This approach not only increases WTP but also fosters brand loyalty and repeat purchases, contributing to long-term business success.

Although this study found that brand image did not have a significant direct impact on WTP, it should not be overlooked. A strong brand image, particularly one that aligns with Islamic values and ethical business practices, can enhance consumer trust and indirectly influence purchasing decisions (Amani, 2024). Thus, companies should continue to build and maintain a reputable brand that reflects these values, as it could serve as a differentiating factor in a competitive market.

4.3.2 Policy Implications

From a policy perspective, the government and relevant regulatory bodies, such as the Indonesian Ulema Council (MUI), should continue to strengthen the halal certification process. The significant influence of halal labels on consumer WTP underscores the importance of making halal certification more accessible, especially for small and medium enterprises (SMEs). Simplifying the certification process and providing financial or technical assistance could encourage more businesses to obtain halal certification, thereby increasing the availability of halal-certified products (Reza et al. 2024).

Additionally, consumer awareness programs should be developed to further educate the public about the benefits of halal-certified products. Campaigns that emphasize the importance of halal certification in ensuring product safety and ethical production can increase consumer trust and demand for halal cosmetics. Such initiatives are particularly effective in targeting the millennial generation, which is more likely to be influenced by marketing that aligns with ethical and religious values (Rahim et al. 2015).

Furthermore, Endri et al. (2020) emphasized that income and demographic factors significantly influence consumption patterns in the halal industry. Our data support this, as willingness to pay was higher among respondents with mid-to high-income levels and those with higher education. This finding highlights that the economic behavior of millennials in Bogor Regency mirrors the broader patterns observed in the halal industry across Indonesia.

Finally, the growth of the halal cosmetics industry aligns with national economic development goals, as outlined in the National Industrial Development Master Plan (Kemenperin, 2015). Policymakers should continue to support industrial expansion by providing incentives for halal certification and fostering an environment conducive to investments in the halal sector. This would not only boost the domestic market, but also enhance Indonesia's competitiveness in the global halal cosmetics market (Global Islamic Economic Report, 2020).

5. Conclusion

Based on these results, it can be concluded that the WTP value of the millennial generation in Bogor Regency for halal cosmetics is 25,700 per product. Millennials are willing to pay more for halal-labelled cosmetic products. Therefore, producers must begin carrying out halal certification and label products on packaging as customers are willing to pay more to obtain halal-certified products.

The variables that significantly positively affect WTP are halal-label variables and customer-perceived value. The brand image and attitude variables were not significant for WTP in this study. Customer-perceived value has a significant positive effect. Therefore, manufacturers can maintain and increase their benefits and product quality. In addition, the Perception of Halal Label has a positive and significant influence on WTP, meaning that customers perceive the halal label as a guarantee for them to consume the product safely, thus leading them to willingly pay for the products. Consequently, producers are obliged to proceed with halal certification, so that customers are confident about purchasing products.

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