

## AN OPPORTUNITY TO DEVELOP HALAL FASHION INDUSTRY IN INDONESIA THROUGH E-COMMERCE PLATFORM

Novalini Jailani<sup>1</sup> Kuart Ismanto<sup>2</sup> Susminingsih<sup>3</sup> Hendri Hermawan Adinugraha<sup>4</sup>

<sup>1,2,3,4</sup>UIN K.H. Abdurrahman Wahid Pekalongan

novalinijailani@mhs.iainpekalongan.ac.id

### Abstract

Nowadays, fashion has become a global business. Indonesian Muslim consumption in the Halal Fashion sector in 2021 reached 20 billion USD. Moreover, knowing that the Indonesian population was also dominated by millennials and Gen Z, reaching 144.31 million people or 53.81% of the total population, this generation is familiar with and masters technology. The halal fashion industry can utilize this condition to develop its business through e-commerce platforms. Therefore, this study aims to explore and explain the development opportunities of the halal fashion industry in Indonesia through e-commerce platforms. This research was conducted by literature research with a descriptive qualitative approach. Secondary data were obtained from various books, articles, journals, reports, and authoritative websites relevant to this research. The results of this study found that the economic potential of the halal fashion industry sector in Indonesia is very promising. That can be seen from the consumption of Muslims in Indonesia for halal fashion, which continues to increase yearly. Indonesia's demographic bonus, dominated by millennials and Gen Z who are familiar with technology, and the increasing number of E-Commerce users in Indonesia provide an excellent opportunity for this industry to develop further.

**Keywords: E-Commerce; Fashion; Halal.**

### Abstrak

Saat ini fashion telah menjadi bisnis global. Konsumsi Muslim Indonesia di sektor Halal Fashion pada tahun 2021 akan mencapai 20 miliar USD. Apalagi mengetahui fakta bahwa penduduk Indonesia juga didominasi oleh kaum milenial dan Gen Z yang jumlahnya mencapai 144,31 juta jiwa atau 53,81% dari total populasi, generasi ini sangat akrab dan menguasai teknologi. Kondisi ini dapat dimanfaatkan oleh industri fashion halal untuk mengembangkan bisnisnya melalui platform e-commerce. Oleh karena itu, penelitian ini bertujuan untuk menggali dan mendeskripsikan peluang pengembangan industri halal fashion di Indonesia melalui platform e-commerce. Penelitian ini dilakukan dengan penelitian kepustakaan dengan pendekatan kualitatif deskriptif. Data sekunder diperoleh dari berbagai buku, artikel, jurnal, laporan dan website otoritatif yang relevan dengan penelitian ini. Hasil penelitian ini menemukan bahwa potensi ekonomi pada sektor industri halal fashion di Indonesia sangat menjanjikan. Hal ini terlihat dari konsumsi muslim di Indonesia terhadap halal fashion yang terus meningkat dari tahun ke tahun. Bonus demografi Indonesia yang didominasi oleh kaum milenial dan gen Z yang akrab dengan teknologi serta meningkatnya pengguna E-Commerce di Indonesia memberikan peluang besar bagi industri ini untuk berkembang lebih jauh lagi.

**Kata Kunci : E-Commerce; Halal; Fashion.**

## A. INTRODUCTION

Nowadays, fashion has become a global business. Cultural and societal boundaries are reflected and pushed by fashion trends. The fashion business is exploiting the economy and gaining a significant proportion of the worldwide market. Buying and selling fashion things has occurred in numerous nations throughout the world. Fashion is a worldwide industry with tremendous economic, political, and cultural ramifications for the many individuals who create, sell, and wear it. Fashion is also a visual art form and one of the primary sources of creativity in the cultural and creative sectors.<sup>1</sup>

Because Muslims have expanded to many countries, halal fashion is in high demand worldwide. Beginning with the many Middle Eastern immigrants to countries throughout the world brought Islamic culture to non-Islamic countries. Previously, the headscarf was thought to be a representation of anything ancient, traditional, historic, rustic, and backward. However, in current culture, the hijab is worn by young people, urbanites, and highly educated Muslim women, giving the hijab a modern and attractive appeal. Previous research has revealed a shift in the use of modern Muslim attire in numerous countries, including Bangladesh,<sup>2</sup> And Turkey.<sup>3</sup> Modern halal fashion has been a trend in recent years, spreading to many nations.

The development of the halal fashion industry in Indonesia shows rapid progress. Based on data from the State of the Global Islamic Economy Report in 2022, the Indonesian halal fashion sector is in the third position in the Top 10 Global Islamic Economy Indicators. The public will always seek Islamic fashion. Indonesia

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<sup>1</sup> Indarti and Li Hsun Peng, Bridging Local Trend to Global: Analysis of Indonesian Contemporary Modest Fashion, *Proceedings of the 2017 IEEE International Conference on Applied System Innovation: Applied System Innovation for Modern Technology, ICASI 2017*, 2017, 1710–13, <https://doi.org/10.1109/ICASI.2017.7988267>.

<sup>2</sup> Naseem Akhter Hussain, Religion and Modernity: Gender and Identity Politics in Bangladesh, *Women's Studies International Forum* 33, no. 4 (2010), <https://doi.org/10.1016/j.wsif.2010.02.006>.

<sup>3</sup> Barış Kiliçbay and Mutlu Binark, "Consumer Culture, Islam and the Politics of Lifestyle: Fashion for Veiling in Contemporary Turkey," *European Journal of Communication*, 2002, <https://doi.org/10.1177/02673231020170040601>.

itself has a predominantly Muslim population, and the awareness of Muslim women to perfect their appearance by wearing the hijab is also increasing. In addition, technological advances in the digital era make it easy for Muslim communities, especially women, to find the Islamic clothes they are looking for, such as online shopping platforms.

Moreover, the population in Indonesia has also been dominated by millennials and Gen Z, whose number reaches 144.31 million people or 53.81% of the total population, which this generation is very familiar with and masters of technology to facilitate the halal fashion industry to develop its business through e-commerce.<sup>4</sup> Bank Indonesia (BI) recorded the value of e-commerce or e-commerce transactions throughout 2021 to reach Rp401 trillion. Bank Indonesia has also projected that e-commerce transactions in Indonesia will continue to increase in 2022 with a value of Rp 530 trillion or a growth of 31.4% (YoY). Unfortunately, data from the Central Statistics Agency show that of all the data collection efforts up to December 2021, only 25.25% were carrying out E-Commerce activities. That indicates that the number of businesses that receive orders or sell goods/services through E-Commerce in Indonesia is still relatively low and is dominated by conventional business types.<sup>5</sup>

Based on the description above, the formulation of the problem in this study is how to develop the halal fashion industry in Indonesia through an e-commerce platform. Therefore, this study aims to explore and describe opportunities for developing the Indonesian halal fashion industry through an e-commerce platform. This research was conducted by literature research with a descriptive qualitative approach. Secondary data were obtained from various books, articles, journals, reports, and authoritative websites relevant to this research.

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<sup>4</sup> Riska Delta Rahayu and Riski Delta Ningtyas, Halal E-Commerce in the Muslim Fashion Sector as an Effort to Encourage the Development of Halal Industry in Indonesia, *Journal of Halal Product and Research* 4, no. 2 (2021): 71, <https://doi.org/10.20473/jhpr.vol.4-issue.2.71-77>.

<sup>5</sup> BPS, *Statistik E-Commerce 2021* (Badan Pusat Statistik, 2021).

## B. RESULTS AND DISCUSSION

### 1. Halal Fashion Concept

The word fashion comes from the Latin "factio," which means to make or do, and it is from this word that fractions are obtained, which have a political meaning. Therefore, the original definition of fashion refers to activities. Fashion in English means way, style, model, and habit. Fashion is a noun that means various ways or forms at a specific time (about clothes, haircuts, decorative patterns, et cetera).

Fashion in the Oxford English Dictionary has compiled several different meanings of fashion facts. Starting from the meaning of the act or process of making specific cuts or shapes, procedures for acting, and dressing according to conventions. However, some of these are grouped into two primary meanings: nouns and verbs. As a noun, fashion means something, such as shape and type, made or a particular condition. So fashion here explains how the fashion and form of something worn by someone. Meanwhile, as a verb, fashion means making or doing activities. In a narrower sense, according to the Big Indonesian Dictionary, fashion is defined as clothing, clothes, or clothes.

According to Lypovettsky, fashion is a type of change with a short time lag. Therefore, fashion is the power of personality by allowing someone to express himself via attire. Other scientists, such as Polhemus and Procter, believe that society employs fashion as a synonym or equation for the phrases make-up, dress, and style.<sup>6</sup>

Fashion has different definitions, but the notion of fashion, in principle, remains inseparable from changes in people's tastes in their era, which are influenced by certain sociocultural developments and within a certain period.

Furthermore, halal fashion is fashion based on Islamic values. According to Nestorovic, Islamic fashion is all head and body coverings following sharia principles. Nestorovic in Zainudin et al. mentions the general dress code in Islam.

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<sup>6</sup> Sudarto Mafidatul Lailiya, Implikasi Trend Fashion Terhadap Perilaku Sosial Calon Pendidik (Studi Kasus Pada Mahasiswa Program Studi Pendidikan Agama Islam IAIN Kediri), *Skripsi, IAIN Salatiga* 1, no. Viii (2020): 1–98.

First, clothing must be loose enough so that it cannot describe the shape of the body. Second, the material must be thick enough to hide body shape and skin tone.<sup>7</sup>

Islam is a religion with strict clothing codes. As Muslims, we must dress in specific attire. This type of clothing is known as Islamic fashion or modest fashion. The Qur'an and Sunnah mention that the underlying Islamic duty to maintain modesty drives Islamic attire. They must cover the entire body, including the head, hands, and feet, especially for ladies. Simple clothing is often viewed as a symbol of a solid religious identity prompted by religious knowledge.<sup>8</sup>

The laws of fashion are revealed in the Qur'an and cannot be divorced from Sharia norms. Almost all of the Sharia created in the Qur'an include a political objective of identity law, leading to the goal of constructing an integrated legal edifice with a strong identity. Not only does the notion of fashion have a significant significance in molding legal ethics in clothing, but Islam has implanted very high intellectual principles mirrored in the concept of fashion. In reality, without recognizing it, fashion has changed into an identity for every Muslim on the globe, and it has become a negotiating position for Muslims.<sup>9</sup>

Fashion includes something related to a person's style and clothing or clothing that is formed in such a way according to the era. All choices are in each human being, choosing to follow Allah's instructions to lead humans to true goodness or even choosing the opposite path, namely following the path of lust and the temptations of Satan that lead humans to be easily disturbed.<sup>10</sup>

## **2. History of Halal Fashion in Indonesia**

Trends in the use of Muslim clothing in the country continue to experience rapid development. Over time, most Indonesians adopted Islam and began

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<sup>7</sup> Muhamad Izzuddin Zainudin, Faridah Haji Hasan, and Abdul Kadir Othman, Halal Brand Personality and Brand Loyalty among Millennial Modest Fashion Consumers in Malaysia, *Journal of Islamic Marketing* 11, no. 6 (2020): 1277–93, <https://doi.org/10.1108/JIMA-10-2018-0187>.

<sup>8</sup> Indarti and Peng, "Bridging Local Trend to Global: Analysis of Indonesian Contemporary Modest Fashion."

<sup>9</sup> Musyfikah Ilyas, "Memaknai Fashion Dalam Hukum Islam," *Ad-Daulah* Vol. 5, no. No. 1 (2016): 133.

<sup>10</sup> Rita Zahara, "Konsep Fashion Dalam Al-Quran" (UIN Ar-Raniry Banda Aceh, 2020).

incorporating Muslim clothes, especially headscarves, into mainstream design. Looking at the history of closed garments, such as Muslim attire, they will see that it was not previously worn in Indonesian society. However, in addition to comprehending Islamic beliefs and being embraced by most Indonesians, Muslim dress is steadily becoming more popular.

In the journal *Al Hadhrah*, the wearing of Muslim clothes became more widespread when the hijab was adopted. That is evident in the numerous photographs of Indonesian ladies from the 1940s. Many women wore long or short-sleeved garments with a simple hijab. It is used as a head covering or draped. Alternatively, a kebaya with a scarf.

Muslim culture evolves in tandem with the passage of time and the ease with which culture from outside can enter. As a result, fashion trends continue to change. These advancements also inspire various Muslim dress trends worldwide, including in Indonesia.

The Ministry of Industry said that Muslim clothing began to bloom in the country in the 1990s. Then, boom, the next five years. Since then, more and more people have started to look at Muslim women. The age range is also expanding. This closed clothing is worn by adult women and extends to teenagers and children. In its development, Muslim fashion now offers many styles of dress for many professions. Starting with shar'i fashion styles to trendy styles.

The emergence of various styles in modest wear cannot be separated from the many talented Muslim fashion designers starting to emerge. So that makes Muslim clothing used by all groups, both lower, middle, and upper classes. Not only that, the variety of Indonesian cultural arts has inspired designing, and it is also recognized that Muslim women's clothing has added value.

The variety of batik and weaving themes distinguishes designs by local artists, making it easy to gain market share. Long and courteous articles of clothing provide Muslim apparel with a market share that is not limited to Muslims. Anyone may wear a range of modern fashion, primarily to fulfill the demands of dressing for formal occasions, which will seem more exquisite with various closed clothing items. Furthermore, the design is currently following the growth of global fashion by being

modified through hijab fashion goods, resulting in a greater reach of the native Muslim fashion market.<sup>11</sup>

### 3. Economic Potential of the Halal Fashion Industry in the Global World and Indonesia

World Muslim spending on fashion increased by 5.7% in 2021, from US\$279 billion to US\$295 billion, and is expected to grow by 6.0% in 2022 to US\$313 billion and reach US\$375 billion by 2025. Overall Globally, Indonesia is ranked 3rd on the Global Islamic Economy Indicator Score for the 2021 halal fashion sector, which can be seen in Table 1 below:

**Table 1.**  
Global Islamic Economy Indicator Score

<b>Rank</b>	<b>Country</b>
1	United Arab Emirates
2	Turkey
3	Indonesia
4	China
5	Spanish
6	Italy
7	Singapore
8	French
9	Malaysia
10	Germany

Source: State of The Global Islamic Report 2022

There were five top Halal Fashion consumer markets in the global world in 2019, which can be seen in Table 2 below:<sup>12</sup>

**Table 2.**  
Expenditures in the Halal Fashion Sector

<b>No.</b>	<b>Country</b>	<b>Expenditures</b>
1	Iran	US \$ 53 Miliar
2	Turkey	US \$ 28 Miliar
3	Saudi Arabia	US \$ 21 Miliar
4	Pakistan	US \$ 20 Miliar
5	Indonesia	US \$ 16 Miliar

Source: State of The Global Islamic Report 2020-2021

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<sup>11</sup> Desika Pemitia, "Sejarah Panjang Busana Muslim Di Indonesia, Dari Selendang Hingga Tenun," Chat News, 2022, <https://chatnews.id/read/sejarah-panjang-busana-muslim-di-indonesia-dari-selendang-hingga-tenun>.

<sup>12</sup> Dinar Standard, "State of the Global Islamic Economy Report 2022," 2022.

Data shows that in 2021, halal fashion consumption in Indonesia reached US\$ 20 billion, equivalent to Rp. 286.9 trillion, with a growth rate of 18.2% per year. This potential is a driving force for industrial players in the Islamic fashion sector in Indonesia to be able to develop their businesses.

In recent times, modest fashion or halal fashion has become mainstream. However, among all fashion genres, Islamic fashion is still considered a growing fashion market and seeking recognition among fashion consumers. However, the abandonment of the Islamic fashion industry may not happen again because consumers believe that fashion consumption with religious beliefs must be kept together and should be celebrated.

#### **4. Opportunity to Develop the Halal Fashion Industry Through an E-Commerce Platform**

Current technological developments make it easier for people to carry out various activities, including buying and selling. Now, trading activities can be carried out through electronic media, especially the internet, often called electronic commerce or e-commerce. E-commerce encompasses all purchasing and selling operations conducted via electronic media. David Baum (1999) defines e-commerce as a set of dynamic technologies in the form of applications and business processes that connect businesses, consumers, and society through e-commerce in the electronic exchange of goods, services, and information. Meanwhile, according to Laudon & Laudon, Consumers sell and purchase items electronically through e-commerce, a business-to-business transaction facilitated by a computer middleman.

The challenge for the halal fashion industry is how to adapt to digitalization. By adapting more quickly to digitalization, the opportunities for the growth of the Muslim creative sector, including fashion in Indonesia, are wide open. The pandemic has accelerated the digital transformation of the Islamic fashion industry. During the pandemic, many small businesses could launch and sustain themselves by leveraging different E-Commerce platforms. As consumers become more and more comfortable with online shopping, the demand for Islamic fashion online will grow



even further.<sup>13</sup> Of the reported \$1.8 billion Muslim consumers, 40 percent are young people under 25. The younger generation is considered a tech genius, positive, brand conscious, and loyal to their brand.<sup>14</sup> Indeed, this can be an opportunity for the Islamic fashion industry in Indonesia to develop its business through an e-commerce platform.

Moreover, the pandemic brings wisdom to the Islamic fashion industry players, where this industry is indirectly forced to adapt to digital marketing through e-commerce. Moreover, in the end, this positively influences local brands that previously only did conventional marketing but have now become better known to the broader community because they have been adaptive to using e-commerce platforms in marketing their products. The market niche for this sector is even more comprehensive than before.

Bank Indonesia (BI) recorded the value of e-commerce or e-commerce transactions throughout 2021 to reach Rp401 trillion. Bank Indonesia has also projected that e-commerce transactions in Indonesia will continue to increase in 2022 with a value of IDR 530 trillion or a growth of 31.4% (YoY).<sup>15</sup> That is a positive signal for the halal fashion industry players further to strengthen their business development strategy through the eCommerce platform.

The data shows that the second best-selling product in e-commerce is fashion (Chart 1). Again this is a positive signal for the halal fashion industry players to be able to take advantage of this opportunity.

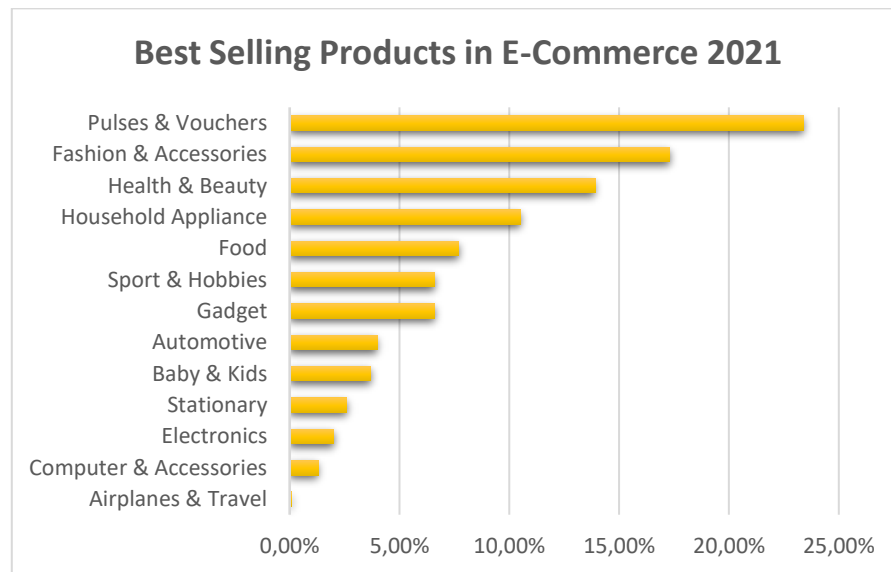
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<sup>13</sup> Dinar Standard, "State of the Global Islamic Economy Report 2020/2021," *State of the Global Islamic Economy Report 2020/21*, 2021, 4–202.

<sup>14</sup> Zainudin, Haji Hasan, and Othman, "Halal Brand Personality and Brand Loyalty among Millennial Modest Fashion Consumers in Malaysia."

<sup>15</sup> Monavia Rizaty, "Transaksi E-Commerce Indonesia Diproyeksikan Capai Rp 403 Triliun Pada 2021," 2022.

**Chart 1**  
Best Selling Products in E-Commerce 2021



Source: Ginee.com

The use of e-commerce has been proven to help increase business turnover. In addition, it is easier for the halal fashion industry players to manage their business based on existing reports as a basis for future decision-making. The use of e-commerce makes it easier and optimizes employees' work in collecting data on stock availability and sales reports. Most importantly, of course, it makes it easier for customers to shop.<sup>16</sup>

Various advantages can be obtained by industry players with e-commerce, including Can expand market share. Can save costs for promotion. It does not require significant funds to rent a place. Merchandise can be exhibited for 24 hours. Employee wages are more cost-effective since the number of employees needed is reduced. Everyone can transact regardless of space and time. Increase customer loyalty with complete and accessible information at any time, regardless of time. Not only sellers, but e-commerce can also be profitable for buyers because buyers do not

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<sup>16</sup> Azwar Annas, Muhammad Taher Jufri, and Jasmawati Jasmawati, "Penerapan Business Model Canvas Pada E-Commerce Toko H5 Jayapura," *JSAI (Journal Scientific and Applied Informatics)* 4, no. 2 (2021): 204–20, <https://doi.org/10.36085/jsai.v4i2.1671>.

have to go far to find what they need or want, so that they can save more in terms of cost and time.<sup>17</sup>

### C. CONCLUSION

The development of the halal fashion industry in Indonesia shows rapid progress. That can be seen from the consumption of Muslims in Indonesia for halal fashion, which continues to increase yearly. The economic potential in the halal fashion industry sector in Indonesia is enormous because the people of Indonesia will always seek Islamic fashion. A country with a Muslim majority population, plus the awareness of Muslim women to perfect their appearance by wearing the hijab, is also increasing. In addition, technological advances in the digital era make it easy for people to find the products they need on E-Commerce platforms. Therefore, it becomes a challenge as well as an opportunity for this industry to be able to adapt to digitalization quickly. By adapting more rapidly to digitalization through the E-Commerce platform, the opportunities for developing the halal fashion industry in Indonesia are wide open. Supported by the demographic condition of Indonesia, which is dominated by millennials and Gen Z who are familiar with technology and the increase in E-Commerce users in Indonesia, this industry provides an excellent opportunity to develop even more.

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<sup>17</sup> Husein Mulachela, "E-Commerce Adalah Kegiatan Jual Beli Online, Ini Penjelasan," [katadata.co.id](https://katadata.co.id), 2022, <https://katadata.co.id/intan/berita/620639c443064/e-commerce-adalah-kegiatan-jual-beli-online-ini-penjelasan>.

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