

Pricing of Halal Fashion Products in Facing Competition Reviewed From an Islamic Economic Perspective



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ABSTRACT: This article discusses the pricing of halal fashion products in facing competition with an Islamic economic perspective. This study aims to analyze the pricing of halal fashion products in facing competition with an Islamic economic perspective. This study uses a literature review approach, namely reviewing related research to be used as a source of data in the study. The results of the study show that in determining the price of halal fashion products, namely by looking at production costs, halal certification, product quality, and distribution and marketing costs. In facing competition, a marketing strategy for Muslim fashion products is needed, preferably based on digital marketing in order to reach a wider market. In the competition perspective of Islamic economics, there are also several principles that need to be applied, namely healthy competition, honesty, good and sympathetic thinking, justice, and the prohibition of gharar and usury.

KEYWORDS: Determination of Halal Fashion Product Prices, Competition from an Islamic Economic Perspective

INTRODUCTION

The largest Muslim population in the world is in Indonesia and is one of the largest markets for products from the halal fashion industry. With a large population reaching 229.6 million in 2020, the expenditure of Indonesian Muslims on halal service products reached USD 184 billion in 2020 and is projected to increase by 14.96% in 2025. Therefore, Indonesia is expected to be the largest player in various sectors of the halal fashion industry. (Hakim et al., 2023)

Halal fashion in several the last year has experienced very significant development. The halal fashion industry not only meets the needs of Muslim fashion in the country but also has the potential to compete in the global market. Building halal fashion in Indonesia with a focus on winning global competitiveness has a positive impact on improving the image and reputation of the Indonesian fashion industry at the international level. Therefore, a deep understanding of the challenges and opportunities in building halal fashion to achieve competitiveness in the global market is very important. (Suhaimi & Fata, 2023)

Price is an important component in product marketing because it is the main factor that determines whether a business will make a profit from the sale of its goods. A price is said to be right if it is in accordance with the quality of the product and also in accordance with consumer perceptions of the price, so that it can satisfy all consumers. Business actors can achieve the desired level of success, namely efforts that can be made to increase consumer confidence through the right way. Business actors can achieve the desired level of success, namely efforts that can be made to increase consumer confidence through setting appropriate prices for the products sold. (Pratiwi Sitorus, 2022)

In determining the price of halal fashion products, it depends on the materials used to make the product, because the price factor is one of the important elements considered by consumers in increasing consumer satisfaction. Consumers also expect product prices that are comparable to the quality of the goods. Pricing by halal fashion industry companies must be considered based on current market conditions and the dynamics of change. This factor also influences buyers' decisions, because they tend to compare prices and choose products that fit the consumer's budget. (Rizqoeni et al., 2024)

Competition is also one of the problems in the business world, with such conditions requiring companies and industries to be able to face threats and opportunities in a competitive environment, and try to design the use of the right control system to achieve goals. Many changes occur in the business environment such as changes in production technology, information technology and the company's organizational structure which cause companies to continue to grow in achieving company goals in the midst of increasingly tight business competition. As a businessman, it is advisable to make a good contribution to his competition and

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try to face competition without harming or harming others. In addition, it must be based on the principle that competition is not an effort to bring down other businessmen but rather an effort to provide the best of his business.(Firmansyah, 2019)

The competition that tight in the halal fashion industry and the various challenges faced make it important to conduct a portrait analysis of the development and challenges faced by Indonesia in the halal fashion industry. So it is necessary to compete with an Islamic perspective, one of which is to compete healthily that does not harm either party between sellers and buyers. Healthy business competition will guarantee a balance between the rights of producers and consumers.(Yuniastuti & Pratama, 2023)

LITERATURE REVIEW

1. Pricing

Price is a crucial thing for a product, therefore it can have an impact on the profit of the producer. Price can be a means for consumers to consider something they will buy, therefore it takes separate consideration in determining the price. The definition of price is also very diverse, many views explain the definition of price in the market. Price is an exchange value of a product, service or goods which is generally stated in monetary units or other monetary mediums as a means of exchange value.(Pratiwi Sitorus, 2022)

In setting prices, there are various methods, depending on the pricing objectives to be achieved. Pricing is usually done by adding a percentage above the merchandise for manufacturing businesses, and above the merchandise capital for trading businesses. According to Fandy Tjiptono, pricing methods are grouped into four types based on their basis, namely demand, cost, profit, and competition. Through pricing, the position of the product's feasibility from its economic value will be seen. Because of this problem, companies usually hold agreed-upon pricing before the goods are circulated in the market.

In determining the price of a product, there are three commonly used theories, namely market pricing, government controlled pricing, and administered or business controlled pricing. Another opinion also states that pricing is to enable a company to get paid for the value it creates for customers. In addition, there are five main objectives in determining product prices, including survival, maximum current profit, maximum market share, maximum market skimming, product quality leadership, and other objectives.(Wibowo Teguh Setiawan et al., 2022)

2. Halal Fashion Products

The halal industry processes goods based on Sharia guarantees, so that the products are good, safe and...n is not dangerous, so it is halal to consume, enjoy, and use. Halal fashion models are closed clothing styles that are characteristic, do not reveal the body, are not transparent, and do not show excess skin so that they are included in the category of halal fashion. Halal fashion capital originated from the idea of the young generation of fashion designers who created modern clothing but had a high fashion factor. The increasing demand for fashion models occurred as an impact of the growth of the Muslim population throughout the world, the development of social networks, and the emergence of modern fashion designer mindsets.(Hakim et al., 2023)

Muslims and Fashion have gone hand in hand since Islam was revealed. For Islam, the clothes worn by a person (both Muslim and Muslimah) are an expression of obedience and submission to the creator. Therefore, dressing for a Muslim has a value of worship so that it must follow Islamic rules. Fashion is a product that is a basic need in human lifestyle. Fashion products themselves are not only in the form of clothing but also other equipment such as bags and shoes.(Mutmainah & Romadhon, 2023)

Building halal fashion in Indonesia as a strategy to win global competitiveness involves significant challenges and opportunities. Fashion in general can be grouped by its ephemeral nature and by the constant changes in style that some say are dictated by designers and industry. The fashion industry is one of the creative industries that can be manifested from branding and the image that can be created in a place. Sharia fashion is a person's expression in appearance, which is wrapped in the provisions contained in Islamic law. A combination of human expression in maintaining their appearance but not necessarily eliminating religious elements in appearance.(Suhaimi & Fata, 2023)

3. Competition reviewed from an Islamic Economic Perspective

The tight competition in the modest fashion industry and the various challenges faced make it important to conduct a portrait analysis of the development and challenges faced by Indonesia in the modest fashion industry. This study contributes to the development of the Indonesian halal industry, especially the modest fashion sector, so that it continues to grow and is able to win the competition with related sector industries by implementing strategies based on existing challenges.(Yuniastuti & Pratama, 2023)

In the Islamic perspective, competition is seen as something that is permitted and even encouraged as long as it is within fair, transparent and ethical limits. The main principles that govern competition in Islamic economics are justice,

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responsibility, social, and not harming other parties. Points that need to be considered in competition with an Islamic perspective are conducting healthy competition, having an honest nature, thinking well and sympathetically, having a fair nature, not showing favoritism to one consumer with another, and being prohibited from committing gharar and usury.

RESEARCH METHODOLOGY

The research used in this study is library research. Therefore, this study refers to methods that can be used to obtain data that is in accordance with the topic of the problem. Data collection techniques in the form of library studies where data is obtained from several literatures, books and the web. Documentation activities are carried out to answer the research phenomenon. While the analysis techniques used are data reduction, and drawing conclusions in order to make the research results systematic and in accordance with the problem.

DISCUSSION

1. Halal Fashion Product Pricing

In the halal industry, Fair Price has become a basic principle in Islamic transactions. In principle, business transactions must be carried out at a fair price because it reflects the principles of Islam. Sharia is committed to comprehensive justice. In general, fair prices do not lead to exploitation or oppression that harms one party and benefits the other. In Islamic teachings, the mechanism for determining the selling price must follow the principle of Maqashid Sharia, where this guideline will create welfare and avoid human misery. The most basic principle is that prices are determined by the mechanism of the balance of power between supply and demand. In the concept of Islam, the meeting between demand and supply must occur with mutual consent, no party feels forced to transact at this price. Allah says, "O you who believe, do not consume your neighbor's property by wrong means, except by means of trade that is mutually agreed upon between you. And do not kill yourselves; surely Allah is Most Merciful to you" (QS. 4:29). (Prasetyowati & Said, 2017) This can be achieved if there is an agreement between the buyer and the seller. Pricing in the Islamic perspective is guided by the principles of willingness, justice, honesty, and openness. (Ika & Suryani, 2022) Prices should reflect the benefits to buyers and sellers fairly; for example, the seller makes a normal profit and the buyer receives a benefit equal to the price he pays.

Pricing strategies can be employed to guarantee that consumers are not overcharged and that the supply of halal products satisfies demand (Adinugraha et al, 2017). Government laws, product demand, and production costs are some of the variables that can impact the cost of halal products (Ariati 2023). The cost of halal goods may also be influenced by these variables. The type of product, the location of production, and the standards employed to guarantee the product's halalness can all affect the cost of making halal goods. Additionally, as more and more people express interest in eating halal cuisine, the demand for halal items is rising quickly. Prices may be impacted by this rise in demand. Government regulation comes last. Some nations' governments control the halal sector, which may have an impact on. (Kusuma, 2019)

In the context of the halal industry, the principles put forward by Ibn Taymiyyah can be applied by ensuring that the price of halal products reflects their intrinsic value, without any fraud or practices that are detrimental to consumers. In determining the price of halal products, the halal industry must operate with honesty and good faith. A fair pricing strategy will ensure social equality, because justice is the main goal of all commercial transactions. The fairness of pricing based on market segments and the quality of added value given to the product is a representation of the rationality of Islamic ethics. (Junaedi & Prihanisetyo, 2022). In another view, Yahya bin Umar's views on price mechanisms have been influential in the development of Islamic economics. His ideas have been used to justify the free market system, and have also been used to develop principles in Islamic economics.

Any price adjustment is a step to determine whether a business benefits from the seller or the product it produces. The purpose of pricing is detailed in the marketing program. Pricing means connecting the product or service being sold with the aspirations of the target market, which means it is mandatory to understand the expectations, desires, and needs of consumers. Producers related to the pricing process must really understand the level of consumer sensitivity to price.

Building halal fashion in Indonesia as a strategy to win global competitiveness involves significant challenges and opportunities. Fashion in general can be grouped by its ephemeral nature and by the constant changes in style that some say are dictated by designers and industry. The fashion industry is one of the creative industries that can be manifested from branding and the image that can be created in a place. Sharia fashion is a person's expression in appearance, which is wrapped in the provisions contained in Islamic law. A combination of human expression in maintaining their appearance but not necessarily eliminating religious elements in appearance. (Suhaimi & Fata, 2023)

Halal Fashion Industry is an economic activity in order to process raw materials or utilize industrial resources, the results of processing raw materials can create goods that have added value and higher benefits, including industrial services that are

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declared halal because they are in accordance with Islamic law. Halal industry is a process of processing goods based on sharia guarantees, so that the products produced have good properties (thayib), healthy, safe and do not create harm, therefore halal to be consumed, enjoyed or used.

Factors that can be considered in determining the price of halal fashion products are:

1. Production costs, raw material prices that comply with halal principles, labor costs, and production processes that must comply with Sharia rules.
2. Halal certification, the cost of obtaining halal certification from an authorized institution, this certification provides assurance to consumers that the product is truly halal, but also affects the selling price of the product.
3. Product quality, halal fashion products often use high-quality materials, because in addition to being halal, the product must also be comfortable and durable. This quality usually reflects a higher price.
4. Distribution and marketing costs, in addition to production costs, these distribution and marketing costs include campaigns to attract consumers who care about halal principles, need to be considered. This includes digital promotions, halal fashion events and Muslim influencers.

2. Competition in the Perspective of Islamic Economics

Since 2010, Indonesia's Muslim fashion sector has expanded. Due to the numerous opportunities and the fact that the majority of Indonesia's population is Muslim, this industry is still growing at a high rate. Demand is rising in tandem with the Muslim community's growing knowledge of the benefits of leading a halal lifestyle, which includes dressing in halal clothing. In Indonesia, modest fashion has emerged. The achievements of the Indonesian modest fashion industry based on the 2019–2024 Indonesian Islamic Economic Masterplan are shown in Table 1.

Table 1. Achievements of the Indonesian Modest Fashion Industry

Criteria	Achievement
Work	29%
GDP	28.6%
Export Value	USD 7.18 Billion

GDP is a key indicator of expansion in the halal sector, and financing has a big role in how well Islamic finance works (Boukhatem & Ben Moussa, 2018; Ledhem & Moussaoui, 2021). The tiny fashion sector has been able to make a significant contribution to Indonesia's economy, as seen by its 28.6% contribution. In the meantime, its enormous export value of USD 7.18 billion boosts state revenue and adds value (Bohn et al., 2021). Thus, by generating jobs and raising state money, Indonesia's modest fashion industry has significantly boosted the country's economy and improved the welfare of its people.

Indonesia has shown its increasingly strong position in the global modest fashion world. Based on the report from the Global Islamic Economy Indicator Score, Indonesia has successfully ranked third. This shows that Muslim fashion consumption in Indonesia remains high and continues to grow along with the increasing public awareness of the Modern Islamic lifestyle.

The market, information technology, government rules or laws, funding, and research and development are the main issues Indonesia faces in the Muslim fashion sector. pertaining to target markets, pricing, models, and marketing-related factors and market demand. It is necessary to optimize the broader worldwide market aim, which is currently poor. The rise of technology through social media, which shapes fashion industry trends, is the next issue. Due to this circumstance, Islamic fashion culture has returned and spread throughout Western nations. The marketing strategy for Muslim fashion products should be based on digital marketing in order to reach a wider market. However, this does not mean ignoring offline store-based marketing. Marketing strategies are still needed through cooperation with various wholesale centers in Indonesia such as JMP, ITC, Tanah Abang, and PGS because of the potential for large demand, brand image, and strong community prospects.

CONCLUSION

Based on the results and discussion of this study, it can be concluded that in determining the price of halal fashion products, namely production costs, raw material prices that comply with halal principles, labor costs, and production processes that must comply with Sharia rules, halal certification, costs to obtain halal certification from authorized institutions, this certification provides confidence to consumers that the product is truly halal, but also affects the selling price of the product, product quality, halal fashion products often use high-quality materials, because in addition to being halal, the product must also be comfortable and durable. This quality usually reflects a higher price, distribution and marketing costs, in addition to production costs, these distribution and marketing costs include campaigns to attract consumers who care about halal principles, need to be

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considered. This includes digital promotions, halal fashion events and Muslim influencers. And in facing competition with an Islamic economic perspective The main principles that govern competition in Islamic economics are justice, responsibility, social, and not harming others. Points that need to be considered in competition with an Islamic perspective are conducting healthy competition, having an honest nature, thinking well and sympathetically, having a fair nature, not showing favoritism to one consumer with another, and being prohibited from committing gharar and usury.

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