| RESEARCH ARTICLE

The Elucidating of Customer Value and Customer Loyalty for Halal Cosmetic: The Empirical Evidence of Indonesian Female

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| ABSTRACT

This research aims to explore the interplay among various variables and assess the degree of direct and indirect connections between customer value components concerning social and functional values, influencing customer loyalty through the mediation of customer satisfaction among consumers of halal cosmetics and facial care products. The study focused on a population of consumers who have used these products at least fewer than five times a year, with a sample size of 104 respondents selected via purposive sampling. Employing quantitative analysis methods, the research sought to validate theoretical constructs. Data analysis was performed utilizing Partial Least Square (PLS) facilitated by SMARTPLS Software. The analysis primarily assessed validity and reliability while employing structural equation modeling to examine relationships between variables. The study's analysis distinctly illustrates the relationships between the researched variables. Findings from direct testing reveal substantial and acceptable impacts of both social and functional values on customer loyalty and satisfaction. Additionally, the indirect testing demonstrates the acceptability of the effect of functional value on customer loyalty mediated by customer satisfaction.

1. Introduction

The cosmetics industry is a major industry and one of the national industries identified in the National Industrial Development Masterplan (RIPIN) 2015-2035. According to international market and consumer data portal Statista, Indonesia's cosmetics industry market, which includes skincare and self-care products, is estimated to grow by 5.91% annually. The national cosmetics industry is still far from being a major player in the global market as it currently only focuses on competing in the domestic market. According to the Indonesia Halal Economy Report, the national halal cosmetics industry has a market value of 4.19 billion dollars in 2022 and is projected to grow 8% per year until 2023 (kemenperin, 2023). The phenomenon of halal cosmetics and facial care products is gaining popularity in the beauty world. Halal cosmetic and facial care products are products that, during the manufacturing process comply with Islamic rules. This includes manufacturing techniques and the selection of ingredients adjusted to the provisions of Islam. In this case, halal products usually do not contain ingredients that are forbidden and animal cruelty-free and have halal certification from institutions such as MUI (Indonesian Ulema Council). Halal cosmetic brands have existed in Indonesia since 1995. But the trend of using halal cosmetics has increased since five years earlier in 2018 when the trend of using halal cosmetics spread nationwide. Indonesia's Islamic population is the second largest consumer of halal cosmetics in the world (databooks, 2022).

Increasing the intention of the continuous interaction of consumers of halal cosmetics and facial care products, companies should focus more on customer-based values when they design marketing strategies for future sales of this brand of beauty products. Previous research shows that the product is used in communication. The customer's feeling of being a member of a particular group can increase the perceived value but does not have a significant effect on perceived social value or customer satisfaction. (Deng et al., 2010). Functional value refers to the practical or technical advantages that consumers can obtain when using the product, products with functional value are not maximised and do not satisfy customers have an insignificant effect on customer satisfaction (Deng et al., 2010). Perceived functional value, and perceived sacrifices in the process of obtaining and consuming products do not affect repurchase intentions related to customer loyalty. (Foroudi et al., 2020).. Social value by increasing consumer involvement, and strengthening relationships with products/services, thereby enhancing the shopping experience, does not affect customer loyalty. (Foroudi et al., 2020). The purpose of this study is to examine the direct effect of the independent variables of customer value, namely social value and functional value, on the dependent variable of customer loyalty. The effect of social and functional value on customer satisfaction is measured through indirect tests.

2. Literature Review
2.1. Customer Value
According to Kotler & Keller (2013), customer value is the difference between the value that customers get from owning and utilising a product and the value spent to get it (Euis et al., 2021). Customer value can also be defined as a customer's assessment of the perceived benefits of a product, both positive and negative. (Krisnanto & Yulianthini, 2021).. According to Sheth, Newman, and Gross (1991), there are five dimensions of value: functional, conditional, social, emotional, and episodic. Many dimensions influence consumers. (Deng et al., 2010). Interaction-based customer value, both functionally and socially, can increase the value of customer-based interactions and can achieve various results, including attracting and retaining customer interest, strengthening relationships with brands, goods, and services, increasing conversion rates, and reducing risks. (Foroudi et al., 2020).

2.1.1. Social value
Social value is the benefit that consumers can feel when interacting with others with a particular product. Social value is used by products to communicate by portraying customers as members of certain groups that can increase the value they feel (Deng et al., 2010). (Deng et al., 2010). The values that exist in society that are considered good and have the potential to influence the behaviour of other people are known as social values. Consumers who consider social value when choosing merchandise are those who believe that the product represents a perspective that conforms to social norms. (Evelina et al., 2020). Creating engaging social shopping experiences and strengthening customers' relationships with goods and services: a) interactivity, b) collaboration, c) social presence. for example, influences their decision to use certain services (Foroudi et al., 2020).

When products are used consciously to demonstrate social value to the environment or others by performing their roles as members of society, consumers feel connected or part of a particular group. Here, the value that may be perceived by product buyers is proposed to contribute to customer satisfaction. In previous research, the direct test of customer value variables on the social value dimension on customer satisfaction has a significant effect (Hur et al., 2013). In another study, the same variable test with the results of the social value dimension on customer satisfaction had a significant effect where satisfaction could be obtained by an interesting social shopping experience with interactivity, collaboration, and social presence. (Foroudi et al., 2020).. The research hypothesis that can be used is :

H1: Customer value in the social dimension has a significant effect on customer satisfaction

2.1.2. Functional value
"Functional value" refers to the benefits that result from the perceived quality and expected performance of a product or service and is part of the customer's experience with the product or service. (Foroudi et al., 2020). Functional value refers to the practical or technical benefits that users can obtain when using a product or service. The functional value component can improve the quality of information, knowledge of the product, and economic benefits through an important element of product or service innovation, which focuses on developing new products or services and forming new marketing segments. (Foroudi et al., 2020) It is explained that functional value includes: a) providing quality information, b) product-related learning and c) economic benefits. Functional value includes performance and functionality as well as economic benefits or utilities offered by a good or service. (Zainuddin et al., 2013). Previous research states that it has been confirmed that the customer value variable in the functional value dimension on customer satisfaction has a significant effect. (Budrevičiūtė et al., 2019).. In other studies, the same variable test with the results of the functional value dimension on customer satisfaction has a significant effect where customer satisfaction can be obtained in the functional value component by improving the quality of information, product-related learning, and economic benefits. (Foroudi et al., 2020).. The research hypotheses that can be used are:

H2: Customer value in the functional dimension has a significant effect on customer satisfaction

2.2. Customer loyalty

According to Kotler and Keller (2007), Loyalty is a strong commitment to buy or re-subscribe to certain goods and services in the future, regardless of environmental changes and marketing efforts that can change behaviour. (Sutra, 2021). In previous studies, customer loyalty was divided into two dimensions: attitudinal commitment and behavioural repurchase intention (Lin &Wang, 2006). Customer loyalty is the customer's belief that the customer will get greater value than other vendors. Therefore, loyalty results in more revenue, a decrease in the budget to acquire customers, a reduction in customer price sensitivity, and a decrease in costs. (Foroudi et al., 2020). Consumer loyalty is the main thing that is interesting and important in contributing to and predicting the behaviour of individuals who maintain their loyalty to service providers or products. (Kuswati et al., 2021). According to Dagger and David, consumer loyalty is operationalised using five measurements, including a) Willingness to buy again, b) Positive words, c) Willingness to recommend, d) Tolerance to price adjustments, and e) Frequency of consumption. (Kuswati et al., 2021).

Social value, which is considered a key determinant of customer loyalty, has been found in previous studies. If consumers have an experience that makes them more familiar with a product or brand, the familiarity with the product or brand further enhances and increases consumers' knowledge of the brand, and consumers tend to buy the same product or brand again. (Kim et al., 2019). Test research on customer value variables in the social value dimension on loyalty with significant results. (Kim et al., 2019). The research hypothesis is follow:

H3: Customer value in the social dimension has a significant effect on customer loyalty

Product benefits and experiences are important to customers. Such as shaping the brand on the product by developing attractive products and providing various elements to the product by adding additional functional value to the product. By adding additional value, customers can have an experience that is different from that of other products. Providing customers with an interesting experience can provide sustainable customer expectations and consumption patterns (Kim et al., 2019). (Kim et al., 2019). Research on customer value variables in the functional value dimension of loyalty with significant results (Kim et al., 2019). The research hypothesis is:

H4: Customer value in the functional dimension has a significant effect on customer loyalty

Customers' experiences and their overall evaluation of the product or service have a strong affective correlation with satisfaction. Satisfaction will encourage customers to use the product or service more often, which results in more stable cumulative satisfaction and has an effect on customer loyalty. (Howat & Assaker, 2013). In this study, customer loyalty as customers' behavioural intention to continue using the product or their tendency to recommend products and services to others. Satisfied customers have a higher level of use of products and services and are stronger to continue using and recommending products or services to their friends or relatives. (Deng et al., 2010). Research (Deng et al., 2010) and (Howat & Assaker, 2013) prove that the satisfaction variable test has a significant effect on loyalty. The research hypothesis is:

H5: customer satisfaction has a significant effect on customer loyalty

2.3. Customer satisfaction

Customer satisfaction is defined as a comparison between what is paid (costs) and what is felt (benefits) during the process of purchasing and using a product or service related to the quality of service or product that matches expectations and creates positive feelings during or after the use of the product or service. (Moise et al., 2021). According to Tjiptono (2011), there are three indicators of customer satisfaction. The first is overall satisfaction, which is the result of evaluation and current consumption experience derived from habits, obstacles, and product standardisation. The second is confirmation of expectations, which is the level of conformity between service performance and customer expectations. The third is ideal comparison, which is the performance of a product or service compared to ideal conditions. (Adhitya Akbar, 2019).

The results of mediation testing in previous studies show that customer satisfaction has a significant mediating effect on the relationship from functional value to loyalty. The effect of functional value on customer loyalty is indirect. The results show that satisfaction has a large mediating power between determinants and customer loyalty, which may be because custome rs who are highly satisfied with their successful usage experience may overemphasise the impact of factors closely related to their satisfaction on loyalty. (Deng et al., 2010). The research hypothesis are:

H6: Customer value in the social dimension has a significant effect on customer loyalty mediated by customer satisfaction.

H7: Customer value in the functional dimension has a significant effect on customer loyalty mediated by customer satisfaction.
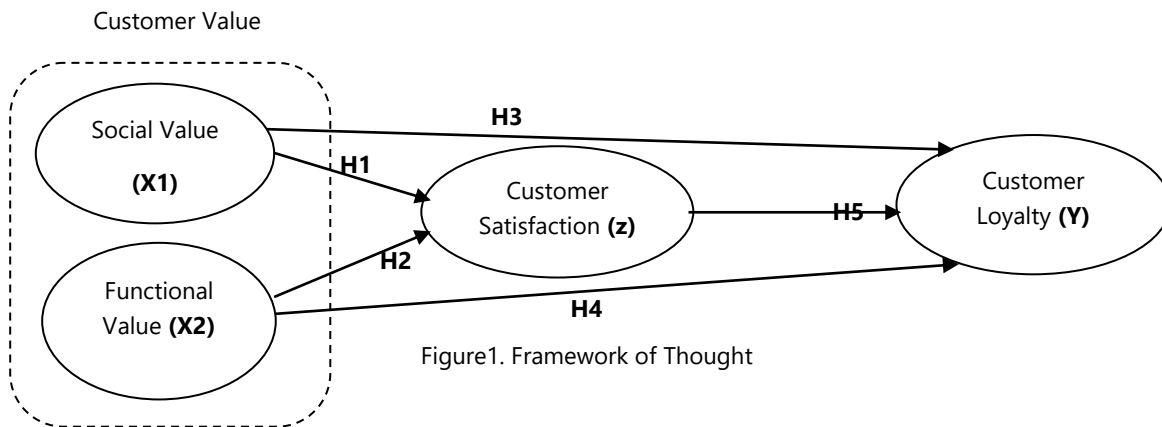
Customer Value

Figure1. Framework of Thought

3. Research Methods
3.1 Research Design
This research was conducted to find something new (exploratory), test the truth (verification), and develop (developmental) similar previous research. This quantitative research tests and analyses the hypotheses that have been set in the study of the effect of customer value in the dimensions of social value and functional value on customer loyalty mediated by customer satisfaction. Quantitative research is conducted systematically by collecting data that can be measured using statistics to be processed and then using Partial Least Square (PLS) software to analyse the data. The advantages of using PLS are that the number of samples required for analysis is relatively small, the SMARTPLS approach is considered more effective because it does not rely on assumptions, and this approach can analyse data more accurately than conventional methods.

3.2 Population and sample
The population of this study were customers of halal cosmetic and facial care products. The sampling method used purposive sampling method using considerations that have been determined by the respondent. The sample taken has criteria such as Users of halal cosmetic and facial care products on the product brand that the researcher has determined. The number of samples to be surveyed follows Hair's formula, where the number of PLS samples that the number of good samples ranges from 100-200 respondents and can be adjusted to the number of indicators used in the questionnaire, assuming 5-10 times the number of indicators available. The method of filling out the questionnaire uses a Likert scale (choices 1-5). In this study using 4 variables with 26 indicators, the minimum requirement for this study was to use a sample of 104 respondents. Through data selection, 104 sample data were collected which will be processed at the data analysis stage.

4. Result and Discussions
4.1. Descriptive Analysis of Respondents
Demographic results of respondents based on age it show that the majority of users of Wardah brand halal cosmetics and skincare products are dominated by respondents aged 26-35 years old women as much as 57.7%. Meanwhile, other users aged 36-45 years are the second largest group using Wardah products, namely 20.2%. The rest is occupied by users aged 16-25 years and 46-55 years, namely 17.3% and 4.8%. Demographics of respondents based on Education Level, show that the majority of users of Wardah brand halal cosmetics and skincare products are dominated by respondents aged at the academy or college education level (D3 / S1 / S2) 79.8%. Meanwhile, other users at the high school level are the second largest in using Wardah products, namely 19.2%. The rest is occupied by users of junior high school education level, which is 1%. Demographics of respondents based on occupation show that the majority of users of Wardah brand halal cosmetics and skincare products are dominated by self-employed workers at 26%. While other users, namely the second largest housewife in the use of Wardah products, namely 24%. The rest is occupied by users in civil servants 13.5% and the rest are students, traders, and private employees.

4.2. Measurement Testing
Measurement testing in this study used the partial least square (PLS) method, which is a structural equation model (SEM) equation model, to manage data. The outer and inner models of PLS-SEM consist of analyses (Ghozali and Latan, 2014). At this point, there are several steps, including the outer model, the inner model, and hypothesis testing.

Table 1. Instruments validation

Variable and Indicators	Loading Value	Average Variance Extracted	Cronbach Alpha	Composite Reliability
Social Value		**0,655**	**0,924**	**0,938**
Interaction Indicator				
1. Compared to other brand products, customers prefer halal cosmetics and facial care products.	0,726			
2. By using halal cosmetics and facial care products, customers get a good response from their friends.	0,786			
Collaboration Indicator				
3. Halal cosmetics and facial care products help customers look good	0,852			
4. Customers provide information related to halal cosmetics and facial care products to others	0,718			
5. By using halal cosmetics and facial care products, customers can share ideas about halal beauty products with other users.	0,803			
Social presence indicator				
6. Halal cosmetics and facial care products help improve customers' self-image	0,894			
7. Using halal cosmetics and facial care products can increase self-esteem in customers	0,860			
8. Using halal cosmetics and facial care products makes it easier for me to communicate with others.	0,815			
Functional Value		**0,652**	**0,946**	**0,954**
Information Quality Indicator				
9. Customers easily get information related to halal cosmetics and facial care products	0,705			
10. Customers get interesting information related to halal cosmetics and facial care products	0,777			
11. Customers feel information on halal cosmetics and facial care products is valuable	0,737			
12. According to customers, Halal cosmetics and facial care products	0,820			
Product-related Learning Indicators				
13. Using halal cosmetics and facial care products increases customer knowledge about halal beauty products.	0,820			
14. By using halal cosmetic products and halal facial treatments help customers find solutions related to halal beauty products	0,892			
15. Using halal cosmetics and facial care products increases customer knowledge about the quality of halal beauty products	0,917			
Economic Benefits Indicator				
16. Halal cosmetics and facial care products provide valuable benefits to customers regarding halal beauty products	0,852			
17. Using halal cosmetics and facial care products provides economic benefits to customers about halal products.	0,790			
	0,785			

18. Using cosmetics and facial care products provides a sense of security in using beauty products	0,766			
19. Using halal cosmetics and facial care products helps customers get a quick response regarding halal beauty products.				
Customer Satisfaction		**0,826**	**0,895**	**0,935**
20. Customers' overall evaluation of halal cosmetics and facial care products is better	0,900			
21. The benefits that customers receive as users of this cosmetic and facial care product meet customer expectations	0,890			
22. Customers are satisfied with the overall customer experience with halal cosmetics and facial care products	0,936			
Customer Loyalty		**0,772**	**0,901**	**0,931**
23. Customers will continue to use halal cosmetics and facial care products if there is a good reason.	0,836			
24. Customers will recommend others to use halal cosmetics and facial care products as halal beauty products	0,880			
25. Although customers' close friends recommend other cosmetics and facial care products, customers' preference for cosmetics and facial care products as halal beauty products does not change.	0,888			
26. Customers will reuse this halal cosmetic and facial care product as a halal beauty product	0,909			
Source: Data Processing Results (2023)				

4.2.1. Outer Model Test Results

Convergent validity and discriminant validity are the validity tests used to analyse the measurements in this study. In addition, the composition value and Cronbach's alpha are calculated to test reliability. The results of the addition factor calculation show that the addition factor fulfils the requirements of convergent validity with a value of more than 0.70 (Kuswati et al., 2021). Larcker Fornel criteria, indicator loading values, Fornel cross loading calculations, and other methods for assessing discriminant validity are described in Table 2.

Table 2. *Fornel-Larcker Criterion of Discriminant Validity* Value

	Satisfaction	Functional Value	Social Value	Customer Loyalty
Customer Satisfaction	0,909			
Functional Value	0,827	0,808		
Social Value	0,794	0,831	0,809	
Customer Loyalty	0,814	0,818	0,802	0,879

Source : SmartPLS Data Processing Results (2023)

The value of adding scores to the same block of indicators must be greater than the correlation value between latent variables, which is another way to determine discriminant validity in addition to considering the calculation results of the Fornell-Larcker criterion. Table 1 shows the hypothesis cross-loading value of this study, which shows that the filling factor value for each variable is greater than the cross-loading value. Consequently, this indicates that each indicator of all variables studied in this study is valid. The AVE value, which stands for Average Variance Extracted, can be used to see discriminatory validity. The ideal AVE value is

above 0.5. Table 1 shows the AVE value of this study. The reliability test is the next analysis after the validity test. The instrument reliability test is carried out to determine whether the instrument measurement results are consistent with regularity even though they are carried out at different times, places, and populations. Composite reliability and Cronbach's Alpha are two criteria used to measure construct reliability. The combined reliability value must be more than 0.7 and the Cronbach's Alpha value must be more than 0.6. The results of the calculation of composite reliability and Cronbach's Alpha can be seen in Table 1.

Table 1 above shows the results of the Composite Reliability and Cronbach's Alpha measurements. All Composite Reliability variables have values above 0.70, and Cronbach's Alpha has a value above 0.80. Therefore, these results are considered valid and reliable. The resilience value and inflation difference factor (VIF) can be used to indicate the level of multicollinearity. Multicollinearity cut-off values can indicate a robustness value > 0.1 or equal to a VIF value < 5.

Table 3. Variance inflation factor (VIF)

	Customer Satisfaction	Social Value	Functional Value	Customer Loyalty
Customer Satisfaction				3,584
Social Value	3,235			4,277
Functional Value	3,235			3,655
Customer Loyalty				

Source: SmartPLS Data Processing Results (2023)

Table 3. shows the results of the multicolinearity test output in the study. There is no multicollinearity because all variables meet the test requirements, namely the value obtained is less than 10.00.

4.2.2 Inner Model Analysis (Structural Model Evaluation)

R-Square (R2) value: The R-Square value is used as a model alignment or fit test to test the structural model. Based on the R-square results found in the table above, the following explanation is related to these results. After calculation through SmartPLS, the satisfaction variable (KP/Z) has an r-square value of 0.721. This indicates that, according to the strong model variable theory, the variance ability that can be explained by the social value (NS) and functional value (NF) variables to the customer satisfaction variable is 72.1% or 0.721, and the social value (NS) and functional value (NF) variables to customer loyalty (LY/Y) is 75.0% or 0.75. All results of strong, moderate or weak magnitude are based on the statement that the R2 values of 0.75, 0.50, and 0.25 can be concluded that the model is strong, moderate, and weak. (Imam Ghozali, 2015).

Q-Square value: In structural model testing, the Q2 value predictive relevance-is looked at. The Q2 value can be used to determine how well the observed values are generated by the model and its parameter values. To calculate Q2, the following formula is used: R1, R2 = R-Square of the model's endogenous variables. A Q2 value greater than 0 indicates that the model has predictive relevance, while a lower Q2 value indicates that the model does not have predictive relevance. With the results of the Q-Square calculation of 0.93, or 93%, it can be concluded that the model used in this study has a relevant predictive value and that the model can explain 93% of the research data.

F-Square (f2): An f-square value of 0.02 indicates small size, 0.15 indicates medium size, and 0.35 indicates large size. Values less than 0.02 can be ignored or considered to have no effect (Sarstedt et al., 2017). Thus, the table of F Square values above shows that there is no large effect with an F Square criterion of more than 0.35. The results of data analysis show that the effect of X2 (functional value) on Z (satisfaction) is 0.322, the effect of X1 (social value) on Y (customer loyalty) is 0.084, the effect of X2 (functional value) on Y (loyalty) is 0.088, the effect of X1 (social value) on Z (customer satisfaction) is 0.133, and the effect of X1 (social value) on Y (customer loyalty) is 0.129, all of these are moderate effects because the F Square value is in the range of 0.02 to 0.15.

4.3 Hypothesis Test

Table 4. Hypothesis Test Results

		Original sample	T statistic	P value	Conclusion
Direct effect					
H1	Social Value -> Customer Satisfaction	0,346	2,824	0.005	Supported
H2	Functional Value -> Customer Satisfaction	0,539	4,791	0.000	Supported
H3	Social Value->Customer Loyalty	0,277	2,517	0.012	Supported
H4	Functional Value->Customer Loyalty	0,307	2,411	0.016	Supported
H5	Customer Satisfaction->Customer Loyalty	0,339	2,785	0.006	Supported
Indirect effect					
H6	Social Value -> Customer Satisfaction ->CustomerLoyalty	0,118	1,704	0.089	Not supported
H7	Functional Value->Customer Satisfaction ->Customer Loyalty	0,183	2,431	0.015	Supported

Source: SmartPLS Data Processing Results (2023)

4.3.1 Path Coefficient (Direct Effect)

Based on Table 2, the p value <0.05 indicates that there is a direct or indirect effect, while the p value> 0.05 indicates that there is no direct or indirect effect. Table 4. shows the p-value <0.05 in each hypothesis which means the results of data processing to see the relationship between variables. In H1, it can be seen that social value has a direct influence on satisfaction (t = 2.824; p =

0.005 where the p-value <0.05). In H2, it can be seen that functional value has a direct influence on satisfaction (t = 4.791; p =

0.000 where the p-value is <0.05). In H3, it can be seen that social value has a direct influence on loyalty (t = 2.517; p = 0.012 where the p-value is <0.05). In H4, it can be seen that functional value has a direct influence on loyalty (t = 2.411; p = 0.016 where the p-value is <0.05). In H5, it can be seen that satisfaction has a direct influence on loyalty (t = 2.785; p = 0.006 where the p-value is <0.05). Path Coefficients and T-statistical results are obtained in Table 4 with PLS bootstrapping. To test the hypothesis in this study, the indicator used is the t value which is compared with the t list value. The t value is considered accepted if the t value is greater than the t list, and the t value is considered rejected if the t value is smaller than the t list. Thus, the accepted and rejected hypothesis testing results can be seen.

4.3.2 Specific Indirect Effect

Indirect effect analysis aims to assess the effect of a variable (exogenous) on the dependent variable mediated by the intervention variable. If the P-value is less than 0.05, then the value is significant and indicates that the mediator variable mediates the effect of the exogenous variable on the endogenous variable, or the effect is indirect. If the P-value is more than 0.05, then the value is insignificant and indicates that the mediator variable does not mediate the effect of the exogenous variable on the endogenous variable, or the effect is direct. According to Table 2, H6 shows that the effect of social value on loyalty mediated by satisfaction is rejected, with a p-value of 0.089 and a P value greater than 0.05, so it is not significant.

4.4 Discussions

Results of Hypothesis 1 is supported. Customer value in the social value dimension has a positive and significant effect on satisfaction, proving that customer value in the social value dimension has a significant effect on satisfaction in users of this halal cosmetic and facial care product. The results of the inner model evaluation of Social Value on Satisfaction show that the social value dimension has a positive and significant effect on satisfaction, with a t statistical value of 2.548 which is greater than the t table value of 1.96. The results of hypothesis testing show that the hypothesis is accepted. This research is in line with research (Hur et al., 2013) and research (Foroudi et al., 2020) where the customer value variable in the social value dimension on customer satisfaction has a significant effect which is influenced by interaction indicators, collaboration indicators and social presence indicators in the social value experience in increasing customer satisfaction.

Hypothesis 2 results are supported. The functional value dimension of customer value has a positive and significant effect on satisfaction. This indicates that the customer value of the functional value dimension has a significant effect on the satisfaction of consumers who use halal cosmetics and facial care products. The results of the inner model evaluation of functional value on satisfaction resulted in a statistical t value of 4.392, which is greater than the t value of 1.96, indicating that the hypothesis is accepted. The results of hypothesis testing show that the functional value dimension has a positive and significant impact on

satisfaction. This research is in line with previous research (Budrevičiūtė et al., 2019) and (Foroudi et al., 2020). In functional value research by improving information quality, product-related learning, and economic benefits can increase customer satisfaction.

Hypothesis 3 results are supported. According to the social value dimension, customer value has a positive and significant impact on loyalty. This shows that customer value has a significant impact on consumer loyalty to Wardah halal cosmetics and facial care products. The results of the inner model evaluation of social value on customer loyalty show that the hypothesis is accepted, with a t-statistic value of 2.605 which is greater than the t-table value of 1.96. The results of hypothesis testing show that the social value dimension has a positive and significant impact on customer loyalty. This research is in line with research (Kim et al., 2019) where social value is considered a major determinant of customer loyalty by having experiences that make them more familiar with the product included in the interaction indicator, familiarity with the product or brand further increases and increases consumer knowledge about the brand, and consumers tend to buy the same product or brand again. Collaboration indicators and social presence indicators in the social value experience in increasing customer satisfaction. For example, indicators of customer interaction using halal cosmetic and facial care products, customers get a good response from customer friendships. Positive interactions with the product provide a valuable experience so that customers reuse the product. Indicators of collaboration with. Halal cosmetic and facial care products help customers in appearance. Customers can share experiences about halal beauty products with other users. Using halal cosmetics and facial care products makes it easy for customers to communicate with others.

Hypothesis 4 results are supported. According to the functional value dimension, customer value has a positive and significant impact on customer loyalty. This indicates that customer value has a significant impact on customer loyalty towards Wardah halal cosmetics and facial care products. As a result of evaluating functional value against satisfaction in the model, a statistical t-value of 2.622 was found, which is greater than the t-table value of 1.96. This indicates that this hypothesis is accepted. The results of hypothesis testing state that the functional dimension has a positive and significant effect on customer loyalty. This research is in line with research (Howat & Assaker, 2013).

Hypothesis 5 results are supported. Satisfaction has a positive and significant impact on customer loyalty, which indicates that satisfaction affects customer loyalty to Wardah halal cosmetics and facial care products. As a result of the functional evaluation of the satisfaction inner model, a statistical t value of 2.704 is obtained, which is greater than the table value of 1.96, so this hypothesis is accepted. The results of hypothesis testing state that the satisfaction dimension has a positive and significant effect on customer loyalty. This research is in line with research (Howat & Assaker, 2013) and (Deng et al., 2010).

Hypothesis 6 results are not supported. Customer value in the social value dimension has a positive and significant effect on loyalty mediated by satisfaction proving that it has no significant effect. Shows different results from previous research. Where the p-value is 0.089 - P value> 0.05, it is not significant. Social value variables if tested indirectly or through mediation are rejected or have no effect. This research is in line with the research

Hypothesis 7 results are supported. Customer value in the functional value dimension has a positive and significant effect on customer loyalty mediated by customer satisfaction, proving that it has a significant effect. Shows the same results as previous research. Where the p-value is 0.015 - P value> 0.05, it is significant. Functional value variables if tested indirectly or through mediation are accepted or have an effect.

The research findings have notable implications for businesses operating in the context of halal cosmetics and facial care products. The study establishes that customer value within the functional dimension significantly and positively influences customer loyalty when mediated by customer satisfaction. This underscores the crucial role of meeting functional needs and expectations in fostering loyalty among consumers of these products (Veraya & Kuswati, 2024). The validation of a positive and significant effect signifies that businesses should prioritize enhancing the functional aspects of their products, ensuring they align with customer preferences and requirements. This could involve continuous improvement in product features, performance, or utility to enhance their overall functional value.

Furthermore, the results align with previous research, adding consistency and reliability to the understanding of the relationship between functional value, customer satisfaction, and customer loyalty (Ayuningsih & Kuswati, 2023; Indriana et al., 2022). The p-value of 0.015, where p-value > 0.05 is considered significant, reinforces the robustness of the findings. This statistical significance strengthens the argument that the influence of functional value on customer loyalty is not a random occurrence but a meaningful and reliable relationship. The indication that the functional value variable, when tested indirectly or through mediation, is accepted or has an effect suggests that businesses should not only focus on delivering functional benefits but also prioritize creating positive customer experiences and ensuring high satisfaction levels. This could involve effective communication, efficient customer service, and other factors that contribute to overall customer satisfaction. The research implies that businesses in the halal cosmetics and facial care industry should emphasize enhancing the functional aspects of their products, understanding that this positively influences customer loyalty when mediated by customer satisfaction. Consistency with previous research and the statistical

significance of the findings underscore the practical relevance of these implications for businesses seeking to cultivate lasting customer relationships.

5. Conclusion and suggestions

The research findings suggests that when customers perceive a higher social value in halal cosmetics and facial care products, their satisfaction levels tend to increase. The positive effect of social value on customer loyalty implies that customers who find higher social value in these products are likely to be more loyal to them. Interestingly, although social value positively impacts satisfaction, this study indicates that increasing satisfaction through social value does not necessarily translate into higher loyalty.

The functional value of these products positively impacts customer loyalty, meaning that customers are more likely to be loyal when they perceive functional benefits in halal cosmetics and facial care. Not only does functional value directly influence loyalty, but it also plays a role in influencing loyalty through customer satisfaction. Enhanced functional value through satisfaction can contribute to increased loyalty. The study concludes that customer satisfaction plays a vital role in fostering customer loyalty, emphasizing the importance of meeting customer expectations for halal cosmetics and facial treatments. From the research results and based on the above conclusions, the following suggestions can be made. For further research, based on the test results, the model of the influence of customer value variables on the dimensions of social value and functionalvalue, on customer loyalty mediated by customer satisfaction between variables has a significant direct effect. Still, indirectly, only the social value variable on loyalty mediated by customer satisfaction has no significant effect.

Suggestions that can be considered in future research include examining variables that have not been explained in this study, such as location and other dimensional variables of customer value. Looking for other variables that can indirectly mediate the customer value of the socialvalue dimension on other variables to see how much influence it has on customer loyalty. Then for practical, increasing customer loyalty in halal cosmetic and facial care products cannot only be done by increasing customer value from the dimensions of social value and functional value in products alone, but it is necessary to consider other factors such as increasing product quality, emotional, price or other factors that can increase customer loyalty for halal cosmetic and facial care products. Customer satisfaction cannot mediate social value to increase customer loyalty for halal cosmetic and facial care products, so the selection of other mediating variables to increase customer loyalty for halal cosmetic and facial care products without having to go through customer satisfaction mediation.

Conflicts of Interest: The authors declare no conflict of interest.

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