

# HALAL LIFESTYLE BASED ON VALUE CREATION: Evidence in Valqo Leather Factory Micro Businesses, East Java

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**Abstract:** Nowadays, the potential for halal products continues to grow. This is also followed by the expansion of the halal lifestyle which is not only loved by Muslims but also non-Muslims. The purpose of this study is to examine and determine product development efforts and strategies through the theory of value creation according to the halal lifestyle in business units in Sidoarjo. The research method uses descriptive qualitative. This method involves informants from several parties, including business owners, customers, and the community around the company. In order to obtain the most current data and studies, we supplemented the research by adding Sinta indexed literature published over the last five years. The results showed that the efforts to develop halal fashion accessories were carried out by Valqo Leather Factory as a business unit in Sidoarjo, through value creation strongly supports the development process in fulfilling consumers' halal lifestyle. The value creation that results may influence hiring more staff members, raising product demand, and increasing product selling power. Suggestions that relevance to the results of the research are the need for further product development in the form of sales branch units, selection of raw materials, the aim of which is to expand the market to all circles and even generations with modern, practical and efficient products, while increasing public education and literacy on the halal life style.

**Keywords:** product; value; halal; lifestyle

**Abstrak:** Saat ini, potensi produk halal terus berkembang. Hal ini juga diikuti dengan meluasnya gaya hidup halal yang tidak hanya digandrungi oleh umat Islam tetapi juga non-Muslim. Tujuan dari penelitian ini adalah untuk mengkaji dan menentukan upaya dan strategi pengembangan produk melalui teori penciptaan nilai sesuai gaya hidup halal pada unit bisnis di Sidoarjo. Metode penelitian menggunakan deskriptif kualitatif. Cara ini melibatkan informan dari beberapa pihak, antara lain pemilik usaha, pelanggan, dan masyarakat sekitar perusahaan. Sebagai pelengkap penelitian, kami juga menambahkan literatur terindeks Sinta yang diterbitkan dalam lima tahun terakhir, untuk memperoleh data dan kajian terkini. Hasil penelitian menunjukkan bahwa upaya pengembangan aksesoris produk halal yang dilakukan oleh Pabrik Kulit Valqo sebagai unit bisnis di Sidoarjo, melalui penciptaan nilai sangat mendukung proses pengembangan dalam pemenuhan gaya hidup halal konsumen. Penciptaan nilai yang dimunculkan mampu memberikan dampak meningkatnya permintaan produk, menambah karyawan baru dan memperluas daya jual produk. Saran yang relevan dengan hasil penelitian adalah perlunya pengembangan produk lebih lanjut berupa unit cabang penjualan, pemilihan bahan baku yang bertujuan untuk memperluas pasar ke semua kalangan bahkan generasi dengan cara yang modern, praktis dan efisien produk, sekaligus meningkatkan edukasi dan literasi masyarakat terhadap gaya hidup halal.

**Kata kunci:** produk; nilai; halal; gaya hidup

## Introduction

Indonesia is the fourth most populous country in the world with 270 million people and the majority are Muslims,<sup>1</sup> with a percentage of 88%

of the entire population of Indonesia and 12% of the entire Muslim population in the world which reaches 1.8 billion, making Indonesia the country with the largest Muslim population.<sup>2</sup> The increasing

<sup>1</sup> BPS, "Hasil Sensus Penduduk 2020," bps.go.id, 2020.

<sup>2</sup> Haroon Latif, *State of the Global Islamic Economy*

Muslim population will also bring changes to life styles, especially the halal lifestyle because the trend of the halal lifestyle is now seen as a new lifestyle for the Muslim population,<sup>3</sup> because the current development of the halal lifestyle does not only include the food sector,<sup>4</sup> but also includes several other sectors such as halal travel, halal cosmetics,<sup>5</sup> halal pharmaceuticals,<sup>6</sup> Islamic finance,<sup>7</sup> halal media and recreation<sup>8</sup>, and even halal fashion.<sup>9</sup>

The development of the halal industry in Indonesia has experienced significant growth in recent years.<sup>10</sup> As projected by the Ministry of Industry of the Republic of Indonesia, halal products and services will increase by 14.96% by 2025, worth USD281.6 billion or equivalent to Rp.3942.4 trillion (assuming 1USD = Rp14000).<sup>11</sup> There are at least several factors that lead to this, including increased consumer awareness about halal products, the growth of a large Muslim

population, as well as government and industry efforts to support the development of this sector. Here are some key developments in the halal industry in Indonesia, firstly Halal Certification.<sup>12</sup> The Indonesian government has tightened regulations regarding halal certification. In 2019, Indonesia launched the Halal Product Assurance System (SJPH), which aims to speed up the halal certification process and increase transparency in the industry. This has helped increase consumer confidence in halal products in the market.<sup>13</sup>

Secondly, the Growth of Halal Products. The halal food and beverage industry is the most well-known sector in the halal industry in Indonesia. Many food and beverage companies have brought out halal products to fulfil the growing demand of Muslim consumers. Third is Halal Tourism. Indonesia is also trying to develop the halal tourism sector.<sup>14</sup> Some tourist destinations have been offering services that comply with halal principles,<sup>15</sup> such as Muslim-friendly accommodation, restaurants, and recreation.

Fourth, Halal Product Exports, Indonesia is also trying to develop halal product exports. Indonesian halal food and beverage products are increasingly popular in the international market, especially in countries with large Muslim populations. Fifth, Infrastructure development The government and the private sector have worked together to develop infrastructure that supports the halal industry, including the construction of production facilities that comply with halal principles. Sixth, The government and Islamic organisations have also been active in providing outreach and education to producers, consumers and the general public on halal principles and the importance of halal certification.

Report 2019/20. DRIVING THE ISLAMIC ECONOMY REVOLUTION 4.0 (Jakarta, 2019).

<sup>3</sup> Hendri Hermawan Adinugraha et al., "Lifestyle Di Indonesia," *An-Nisbah: Jurnal Ekonomi Syariah HALAL*, vol. 05, no. 02 (2019).

<sup>4</sup> Ida Wijayanti et al., "Financial Inclusion through Zakat Institution: Case Study in Indonesia and Brunei Darussalam", vol. 5, no. 2 (2021), <https://doi.org/10.28918/ijibec.v5i2.3354>.

<sup>5</sup> Lisa Adriani and Ma'ruf, "Pengaruh Islamic Religiosity Dan Halal Knowledge Terhadap Purchase Intention Kosmetik Halal Dimediasi Oleh Attitude Terhadap Produk Halal Di Indonesia," *Al-Muzara'Ah*, vol. 8, no. 1 (2020), pp. 57–72, <https://doi.org/10.29244/jam.8.1.57-72>.

<sup>6</sup> Abdul Hafaz Ngah et al., "Halal Transportation Adoption among Pharmaceuticals and Comestics Manufacturers," *Journal of Islamic Marketing*, 2019, <https://doi.org/10.1108/JIMA-10-2018-0193>.

<sup>7</sup> Paolo Pietro Biancone, Silvana Secinaro, and Mohamad Kamal, "Crowdfunding and Fintech: Business Model Sharia Compliant," *Crowdfunding and Fintech: Business Model Sharia Compliant*, no. 12 (2019), pp. 1–10, <https://doi.org/10.13135/2421-2172/3260>.

<sup>8</sup> Didy Ika Supryadi et al., "Post-Pandemic Tourism Marketing Strategy Towards Visiting Intentions: The Case of Indonesia," *Quality - Access to Success*, vol. 23, no. 191 (2022), pp. 28–37, <https://doi.org/10.47750/QAS/23.191.04>.

<sup>9</sup> Cynthia Keliat and I Gede Eko Putra Sri Sentanu, "Sustainable Halal Tourism in The Post Pandemic Era: Opportunity and Challenges," *Journal of Research on Business and Tourism*, vol. 2, no. 1 (2022), p. 69, <https://doi.org/10.37535/104002120226>.

<sup>10</sup> Komite Nasional Keuangan Syariah, *Masterplan Ekonomi Syariah Indonesia 2019-2024, Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional*, 2018.

<sup>11</sup> Venti Eka Satya, "Strategi Indonesia Menghadapi Industri 4.0," *Kajian Singkat Terhadap Isu Aktual Dan Strategis*, 2018.

<sup>12</sup> Hayyun Durrotul Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," *Journal of Halal Product and Research*, vol. 2, no. 2 (2019), p. 68, <https://doi.org/10.20473/jhpr.vol.2-issue.2.68-78>.

<sup>13</sup> State of the Global Islamic Economy, "State of the Global Islamic Economy Report 2020/2021," *Dubai International Financial Centre*, 2021.

<sup>14</sup> Hendri Hermawan Adinugraha, Mila Sartika, and Ahmad Hasan Asy'ari Ulama'i, "Halal Lifestyle Di Indonesia," *An-Nisbah: Jurnal Ekonomi Syariah*, vol. 05, no. 2 (2019).

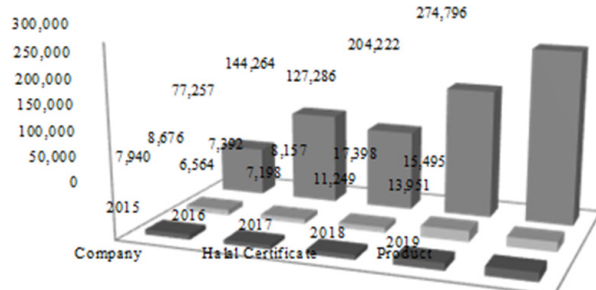
<sup>15</sup> Febrina Mahliza et al., "Antecedents and Consequences of Muslim Millennials Attitude Towards Halal Personal Care Products," *Ikonomika Journal*, no. December (2020), <https://doi.org/10.24042/febi.v5i2.7203>.

Although there is significant growth in the halal industry in Indonesia, there are still some challenges, such as increased competition, regulatory changes, and the need to further improve the quality of halal products.<sup>16</sup> However, with a strong commitment from the government, industry, and society, the halal industry in Indonesia has the potential to continue to grow and become one of the leading in the world.<sup>17</sup>

Halal lifestyle is a reflection of a Muslim from their high religious spirit in religion and makes it a Muslim consumer who is more selective about the products they consume or use. In addition to halal raw materials, Muslim communities will also increasingly seek benefits, safety, comfort, and cleanliness as well as guarantee the quality of a product they consume and cannot be separated from Islamic values.<sup>18</sup>

The increasing trend of the halal lifestyle will also affect the number of requests for halal products worldwide,<sup>19</sup> including in Indonesia.

Figure 1. Data of Halal Certification by LPPOM MUI 2015-2019



Source: primary data<sup>20</sup>

LPPOM MUI halal certification data states that halal-certified products for the 2015-2019 period have increased and decreased.<sup>21</sup> Figure 1 shows that the demand for halal-certified products has increased quite high every year in the last three years. in 2017 the number of halal-certified products reached 127,286 products and increased to 274,796 products in 2019. With this, the demand for halal products in Indonesia has also increased along with the development of the halal lifestyle trend.<sup>22</sup>

The State of The Global Islamic Economy Report 2019/2020 also states that in 2018 global Muslim consumers are estimated to have spent \$2.02 trillion on the halal product sector and are expected to increase to \$3.2 trillion by 2024.<sup>23</sup> The fashion sector is one of the sectors with Muslim spending. The third highest global market is US\$ 283 billion, and for Muslims, Indonesia is also in the top third position,<sup>24</sup> which is around US\$ 21 billion.<sup>25</sup> The export value for domestic fashion products also continues to increase, in 2019 Indonesia succeeded in exporting products to the US with a total value of USD 4.43 billion, and in 2020 the total export value of fashion products reached USD 10.17 billion.<sup>26</sup> So that the existence of this makes the halal fashion industry has a great opportunity to develop its products,<sup>27</sup> of course, it must be supported by quality and value.<sup>28</sup>

<sup>21</sup> Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

<sup>22</sup> Ana Toni Roby Candra Yudha, Nasif Sidquee Pauzi, and Rafidah binti Mohd Azli, "The Synergy Model for Strengthening the Productivity of Indonesian Halal Industry", vol. 4, no. 28 (2020), pp. 186–99, <https://doi.org/10.26740/al-uqud.v4n2.p186-199>.

<sup>23</sup> State of the Global Islamic Economy, "State of the Global Islamic Economy Report 2020/2021."

<sup>24</sup> Wijayanti et al., "Financial Inclusion through Zakat Institution: Case Study in Indonesia and Brunei Darussalam."

<sup>25</sup> Latif, *State of the Global Islamic Economy Report 2019/20. DRIVING THE ISLAMIC ECONOMY REVOLUTION 4.0.*

<sup>26</sup> Kemendag, "Kemendag Tingkatkan Ekspor Fesyen Dan Kerajinan Tangan Di Amerika Serikat," [kemendag.co.id](http://kemendag.co.id), 2020.

<sup>27</sup> Syarifudin, Nurlailah, and Ana Toni Roby Candra Yudha, "The Allocation of Tabarru' Fund Underwriting Surplus of Iplan Sharia Product in PT. Asuransi Jiwa Generali Indonesia," *Jurnal Ekonomi Syariah Teori Dan Terapan*, vol. 7, no. 9 (2020), pp. 1804–17, <https://doi.org/10.1017/CBO9781107415324.004>.

<sup>28</sup> Muhamad Nafik Hadi Ryandono and Ida Wijayanti, "Transformasi Tata Kelola Lembaga Zakat Pada Pemberdayaan

<sup>16</sup> Amalia Yustika, Ana Toni Roby Candra Yudha, and Sugiyanto, "Eksistensi Pemasaran Syariah Dalam Ekosistem Bisnis Hotel Di Masa Pandemi COVID-19," *Nomicpedia*, vol. 3, no. 1 (2023).

<sup>17</sup> Lusiana Dewi et al., "Determinan Harga Dan Potensi Sampah Sebagai Sumber Modal Ekonomi Di Bank Sampah Syariah UINSA Surabaya," *Nomicpedia*, vol. 1, no. 1 (2021), pp. 14–26.

<sup>18</sup> Puspita sari Sukardani, Vinda Maya Setianingrum, and Aryo bayu Wibisono, "Halal Lifestyle : Current Trends In Indonesian Market," *ATLANTIS PRESS*, vol. 226, no. 1csc (2018), pp. 334–39.

<sup>19</sup> Ana Toni Roby Candra Yudha and Abdullah Kafabih, "Halal Industry During the COVID-19 Pandemic Is The Hidden Blessing: Industri Halal Selama Pandemi COVID-19 Adalah Berkah Tersembunyi," *El-Qist: Journal of Islamic Economics and Business*, vol. 11, no. 1 (2021), pp. 17–32, <https://doi.org/10.15642/elqist.2021.11.1>.

<sup>20</sup> LPPOM MUI, "Indonesia Menuju Pusat Produsen Halal Dunia," [halalmui.org](http://halalmui.org), 2020.

The Central Bureau of Statistics (BPS) in 2018 stated that the leathercraft manufacturing industry, leather goods, and footwear products experienced an increase from 2017 which was 27.73% with an export value of USD 5.36 billion,<sup>29</sup> with the development of the leather craft industry that dominates fashion products,<sup>30</sup> the Indonesian fashion industry will dominate the wider market both locally and abroad in the fashion sector,<sup>31</sup> especially those that focus on fashion supporting accessories.<sup>32</sup>

Indonesian leather craft products are currently in tight competition. In 1970 Garut was the best leather producing area in the archipelago and has been known to foreign countries, and now Sidoarjo Regency is one of the producers of leathercraft products in the fashion sector, especially the best and largest fashion accessories in East Java Province.<sup>33</sup> There are 725 industries and 64% are home crafts engaged in leather crafts,<sup>34</sup> so the development of a product is very necessary for business people to be able to meet consumer needs and survive in the competition.<sup>35</sup>

Product development is the process of generating ideas for a new product and converting them into a list of products that have been successfully commercialized. The creation of ideas and values in products is based on the needs or

assumptions of consumers who want products with new elements.<sup>36</sup>

Value creation is very important for business actors who will develop,<sup>37</sup> both branding and products.<sup>38</sup> Value creation is an effort how the company can outperform its competitors in creating and offering more value from its products to consumers to provide the satisfaction that is looking for by consumers.<sup>39</sup>

Value creation has an important role in a fashion product for companies, with the concept of halal fashion currently being widely applied to clothing, this is a good opportunity for Valqo Leather which focuses on fashion accessories to develop its products through value creation. By creating new products or modifying products with different characteristics without reducing the value or needs of consumers and still maintaining the halal concept of the product so as not to reduce the principles of halal lifestyle applied by consumers.

Thus, this study examines efforts to develop halal fashion accessories products through value creation to be able to meet consumer needs and satisfaction in halal lifestyle in Indonesia Valco Leather Factory Sidoarjo. The uniqueness of this research is that it focuses on the development and value creation of research objects in the field of halal fashion accessories. This research is motivated by two problem formulations, namely, what is the impact of a Halal lifestyle on value creation within Valqo Leather factory in East Java? and how to develop products at valqo leather factory. It is expected that product development through value

Social Entrepreneur," *Jurnal Akuntansi Multiparadigma*, vol. 10, no. 1 (2019), pp. 135–55.

<sup>29</sup> Elsa Catriana, "Ini 3 Subsektor Ekonomi Kreatif Yang Jadi Penyumbang Terbesar PDB Indonesia," *Kompas.com*, 2020.

<sup>30</sup> Mochamad Novi Rifa'i, "Integrasi Pariwisata Halal Di Kota Malang," *Falah: Jurnal Ekonomi Syariah*, vol. 4, no. 2 (2019), p. 194, <https://doi.org/10.22219/jes.v4i2.10090>.

<sup>31</sup> Ana Toni Roby Candra Yudha and Nyda Dusturiya, "Model Pengembangan Kewirausahaan Sosial Berbasis Mahasiswa Pada Lembaga Amil Zakat," *El-Qist*, vol. 8, no. 1 (2018), pp. 1618–37.

<sup>32</sup> Mohammad Khoiruzi Afiq and Ana Toni Roby Candra Yudha, "Analysis Of Health Level , Sharia Maqashid Index And Potential Financial Distress At Bank Muamalat Indonesia For The 2017- 2020 Period," *JEBIS : Jurnal Ekonomi Dan Bisnis Islam*, vol. 9, no. 1 (2023), pp. 70–98, <https://doi.org/10.20473/jebis.v9i1.38245>.

<sup>33</sup> Nendy Sofiandy, "Industri Kerajinan Kulit Di Kabupaten Garut," *kompasiana.com*, 2016.

<sup>34</sup> Muhammad Rendy Setiawan and Ana Toni Roby Candra Yudha, "Adakah Pengaruh Modal, Tenaga Kerja, Dan Lama Usaha Terhadap Pendapatan Di IKM Kampoeng Batik, Sidoarjo?," *Journal of Economics Development Issues (JEDI)*, vol. 6, no. 1 (2023), pp. 47–59.

<sup>35</sup> BPS Kab.Sidoarjo, *Statistik Kecamatan Tanggulangin 2015* (Sidoarjo: Badan Pusat Statistik Kabupaten Sidoarjo, 2015).

<sup>36</sup> Marisi Butarbutar et al., *Manajemen Pemasaran*, (Medan: Yayasan Kita Menulis, 2020).

<sup>37</sup> Vinka Alysia et al., "Eksplorasi Sumber Daya Alam Dan Ketahanan Ekonomi Lokal (Studi Literatur Pada Destinasi Wisata Labuan Bajo)," *Journals of Economics Development Issues (JEDI)*, vol. 5, no. 1 (2022), pp. 549–60.

<sup>38</sup> Ana Toni Roby Candra Yudha, Andaru Rahmaning Dias Prayitno, and Alfin Maulana, "Instrumen Moneter Indonesia : Penentuan Arah Kebijakan Serta Pengaruhnya Terhadap Pertumbuhan Ekonomi," *Journals of Economics Development Issues (JEDI)*, vol. 1, no. 2 (2018), pp. 1–11, <https://doi.org/10.33005/jedi.v1i2.15>.

<sup>39</sup> Ririn Tri Ratnasari, "Halal Tourism Based on Value Creation," *Al-Uqud: Jurnal Ekonomi Islam*, vol. 4, no. 28 (2020), pp. 268–84, <https://doi.org/10.26740/al-uqud.v4n2.p268-284>.



creation is carried out by Valco Leather Factory can fulfill the halal lifestyle of consumers.

## Method

This research uses a qualitative descriptive method. This approach was considered appropriate for several reasons. Firstly, this study involves informant roles and reviews. It does not require a lot of record data and financial reports, as secondary data is generally used in the quantitative approach. Secondly, it tends to fit the entographic approach. This is an approach that focuses on cultural and psychological issues, and is sometimes also referred to as an anthropological approach. Referring to the topic of this research which is closely related to economic behaviour or life style. The purpose of this approach is to provide messages to readers and the general public to understand the culture of the community, which in this case is the halal lifestyle.

The data used in this study include primary data and secondary data. Primary data is obtained from interviews with the owner of Valco Leather Factory, employees, and consumers of Valco Leather Factory, while secondary data is obtained from books, journals, and other records related to the research. Data collection techniques were carried out using observation, interviews, and documentation. The informants of this research are not a certain number as the number of respondents in the quantitative approach, which is determined using a formula and reference approach. The informants of this research were determined by specifying a number of criteria. Firstly, they were close to the business world for at least three years. Because mastery of business and business literacy is considered qualified if it has lasted for at least 5 years. Second, interacting directly with Valco Leather Factory as a business object. The complete informant mapping is as follows.

In addition to mapping the sources and types of data and extracting data, observations are also needed which are of course adjusted to the mapping as in the table above. Observations were made of the development of halal fashion

accessories products through value creation in fulfilling the halal lifestyle at Valco Leather Factory. Interviews were conducted using semi-structured techniques regarding product development of halal fashion accessories through value creation at Valco Leather Factory Sidoarjo. Documentation is done by documenting the state of objects, data, and parties at Valco Leather Factory. Data analysis techniques used in this research include data reduction, data presentation, and conclusion drawing.<sup>40</sup>

Table 1. Criteria of Data

Object	Criteria	Amount	%
Gender	Male	7	70
	Female	3	30
Background	Business owner	1	10
	Consumer	7	70
	Employee	2	20
Supporting data scientific	Article published in the last 5 years	12	60
	Book	3	15
	News media (online even offline)	5	25

Sources: Primary data processed, 2022

This research uses the descriptive qualitative method. The data used in this study include primary data and secondary data. Primary data were obtained from interviews with owners of Valco Leather Factory, employees, and consumers of Valco Leather Factory, while secondary data were obtained from books, journals, and other records related to research. Data collection techniques were carried out by employing observation, interviews, and documentation.<sup>41</sup> Observations were made on the development of halal fashion accessories products through value creation in fulfilling the halal lifestyle at Valco Leather Factory. Interviews were conducted using a semi-structured technique regarding the development of halal fashion accessories products through value creation at Valco Leather Factory Sidoarjo. Documentation is done by documenting

<sup>40</sup> Mardawani, *Praktis Penelitian Kualitatif Teori Dasar Dan Analisis Data Dalam Perspektif Kualitatif*, (Sleman, 2020).

<sup>41</sup> Mamik, *Metodologi Kualitatif*, (Sidoarjo: Zifatama Publisher, 2015).

the situation of objects, data, and parties in Valco Leather Factory. Data analysis techniques used in this study include data reduction, data presentation, and concluding.<sup>42</sup>

## Results and Discussion

### Valco Leather Factory Sidoarjo

Valco Leather Factory is one of the leather craft businesses in Kedensari Tanggulangin Village, Sidoarjo, which produces fashion accessories products made of genuine cow leather. Valco Leather Factory was founded in 2017, and the place where this business was first established was located at Jln. Raya Kludan Sidoarjo. Valco Leather Factory produces various types of halal fashion accessories with different models and functions including:

Table 2. Product Data on Valco Leather Factory

No.	Product Name	No.	Product Name
1	Wallet	7	Belt
2	Pouchbag	8	ID Card Holder
3	Slingbag	9	Cellphone
4	Waistbag	10	Keyring
5	Handbag	11	Slippers
6	Backpack	12	Shoes

Source : Primary Data, 2021

From the table 2, wallet products and bag products are the top products and with the most models, for wallet products Valco Leather Factory has 30 types of wallet models, and for bag products, Valco Leather Factory has 22 types with different functions.

In marketing its products Valco Leather Factory markets through various social media owned, there are Instagram accounts, Facebook, and e-commerce accounts such as Shopee which are used as marketing tools which they think are very efficient. Although sales are made online Valco Leather Factory has not lost its customers, even many consumers come from large institutions, from universities and government institutions to large companies such as Pertamina, OJK, to Pama.

Valco Leather Factory has also carried out export activities to Korea, Ausy to Australia, although it is still on a small scale.

In the creation of a product under development, standardization in producing products is always considered by every business so that the products produced are of quality following business plans and objectives, including Valco Leather Factory. Starting from raw materials to the production process.

### 1. Raw Materials

The selection of raw materials is done carefully and thoroughly because it will be the main focus of a product. In terms of halal, quality will be an important factor in producing halal fashion products. Valco Leather Factory uses genuine cow leather obtained from the home industry leather processing in Magetan.

The type of skin that was imported was adjusted to the needs of UD. Valco Leather is one of them, crazy horse cowhide, which is a type of cowhide that is processed by applying wax to full-grain leather mashed. The function of this application is to add to the beauty of the leather fiber so that it can add value and quality.

### 2. Manufacturing process

- 1) Determination of the design of the product to be made such as a bag or wallet, whether the model is for a new product or an ordered product.
- 2) The product design will be printed on the raw material (cowhide) for pattern printing.
- 3) Then, it is deposited into the cutting section to be cut according to the pattern of the bag or wallet product or other products.
- 4) After the cutting process, continued with the sewing process. In the process of sewing bag products, there are 2 things, namely the process of sewing the main material, namely leather, then sewing the inside, namely cloth as a lining in the bag.
- 5) After finishing the sewing process, on the bag product, both for the bag body and the upholstery in the form of cloth, further

<sup>42</sup> Mardawani, *Praktis Penelitian Kualitatif Teori Dasar Dan Analisis Data Dalam Perspektif Kualitatif*.

checking will be carried out as well as product tidying, namely cleaning the remnants of thread or glue either inside the product or outside the product.

- 6) Next is logo printing or if there are consumers who request the addition of a name, the name will be printed on the product using a laser or by embossing, namely embossed motifs.
- 7) Final settlement, the product is placed in a safe and clean place, then packaged using a product bag made of cloth or plastic and then put into a cardboard with the addition of silica gel.

Falqo Leather Factory in addition to setting up and ensuring production flow according to procedures. They also ensure that all lines, from production, distribution to the hands of consumers can comply with halal products according to the 'farm to fork' principle.

The product supply chain, from the farm where it is produced to the consumer, must go through a halal quality control process, such as raw materials, expeditions, and sales at outlets or direct selling.

### **Product Development of Halal Fashion Accessories Through Value Creation in Fulfilling Halal Lifestyle at Valco Leather Factory Sidoarjo**

Valco Leather Factory product prospects are part of the halal product market in Indonesia. Seeing the prospects that are happening looks very bright and continues to grow. Based on observations and data processing, it is stated that there are several factors that support the development of the halal product market including the growth of the Muslim population. It is normative that Indonesia has the largest Muslim population in the world, which reaches more than 200 million people. The continuous growth in Indonesia's Muslim population will continue to drive the demand for halal products.

Furthermore, consumer awareness about the halalness of products has increased rapidly. Consumers are increasingly concerned to ensure that the products they purchase conform to

halal principles. They seek halal certification as a guarantee of compliance.

Apart from the technical level, the halal industry is also supported by the concept side, one of which is strict regulation. The Indonesian government has issued strict regulations regarding halal certification, which has increased consumer confidence in halal products. This also makes manufacturers and retailers focus more on halal products.

Then there is the pattern of product diversification. Halal products are no longer limited to food and beverages. Other sectors, such as cosmetics, pharmaceuticals, banking, and tourism, are also developing halal products and services. This opens up new opportunities in the market. Furthermore, there are exports and the development of innovation and technology.

Efforts to develop halal fashion accessories products, Valco Leather Factory applies value creation, where value creation is a method used to create a product that is superior to other products, both new products and modified products. In the development of halal fashion accessories products, Valco Leather Factory always adds models and functions to the products, so that consumers can feel satisfied with the many choices of models and the benefits they get from the products they buy.

The results of this study showed that Valco Leather Factory always releases a different model once a month for some of the top products with various functions, including:

#### **1. Wallet Product**

One of the products with one function is as a storage place for both cards and money which is currently a bestseller of Valco products. Valco Leather Factory has 30 different types of wallet models for both new and modified products. There are Azana products, namely wallet products that are modified into more luxurious and elegant products with the addition of embossed batik motifs which are done by embossing. Thus Valco Leather Factory can provide consumers with many choices so that Valco Leather Factory can meet the

wants and needs of consumers who have different characters and desires. Wallet products are also one of the most popular products.

## 2. Bag Product

Valco Leather Factory has bag products with many different models and functions, including real slingbags that can be used as pouchbags, handbags or waistbags, and Valco Leather Factory has about 22 product models. Waistbag Products that can be used as chestbags or slingbags and UD. Vago Leather has about 12 different models. As well as real handbag products that can function as wallets or clutches with 7 different models for now. Valco Leather Factory will continue to develop its products in order to become products that always meet the lifestyle of consumers.

Valco Leather Factory is one of the leather craft businesses in Kedensari Tanggulangin Village which has many models so that many consumers are interested in its products, because the surrounding businesses still don't have many models and functions for their products so this is an opportunity and added value to Valco products which is not found in competitor products. Plus Valco Leather Factory also offers the addition of a name to the product that is done using a laser, so that consumers can request a name for the product they buy according to their wishes.

Of the many creations of new product and product modifications in product development efforts carried out by Valco Leather Factory, of course, it cannot be separated from the stages carried out in the development process, referring to Simamora's (2000) theory, the stages in product development include.

First, Consumer Needs Analysis, before doing product development, of course, the owner of Valco Leather Factory looks at the market situation, what kind of products do consumers want or need. By looking at current trends, also by looking at consumer demand on various Valco Leather product sales platforms such as Instagram, Facebook or Shopee.

Second, Creation of Ideas or Ideas on products, business owners are always looking

for ideas and define what kind of products will need to be developed for both new products and modified products, in this case ideas and ideas of Valco Leather Factory comes from the ideas of the business owners themselves and accepts input or reviews from consumers. Creating products with different characteristics, models and different functions can be a value in a product.

Third, Idea Screening and Evaluation, this stage is carried out to eliminate ideas or ideas that are not needed in the development effort and are not related to product development goals.

Business Analysis, evaluating the estimate of charging production costs, sales and profits in accordance with the business plan that has been prepared by Valco Leather Factory, in analyzing the business, because Valco Leather Factory does it still with the standard of the company's capabilities, namely by looking at previous products with the same type but different models as well as with competing products, Valco Leather Factory also looks at what consumer reviews are like, and sales on previous products, there Valco Leather Factory can predict what kind of sales the previous product was, what consumer interest is, so that Valco Leather Factory can estimate how many new products will be introduced, what price is appropriate for the next new product as well as to minimize unwanted risks.

Development of marketing strategies, strategies to achieve market share, how to introduce products and product distribution. By looking at the various plans starting with the prices, what kind of consumer market is Valco Leather Factory, and how is it distributed, and how to introduce products to consumers on various sales platforms owned by Valco Leather Factory, both by reviewing new products so that they can be seen by consumers who of course still prioritize quality and show the advantages of Valco products.

Product Development, the stage of converting all ideas or ideas into a product that will be developed and realized. By making samples from the results of ideas or ideas that are considered certain, and will later be introduced to consumers.



Product and market testing, after conducting business analysis and then converting the idea into a product, the company will run the first production to test the product to the market whether the product is according to plan.

Commercialization, at this stage if all stages of development are successful, the company will start for full-scale production. Commercialization is carried out in stages with the aim of reaching a wider market.

Halal fashion accessories product development is an important activity for Valco Leather Factory, in order to determine the sustainability and growth of the business. Products produced by Valco Leather Factory can attract consumers who want to find halal fashion accessories products, of course by paying attention to halal fashion indicators. With the existence of a unique, attractive and functional model, it becomes a value in the product and an opportunity for businesses to develop as a product advantage, so Valco Leather Factory can meet the desires and needs of life styles consumers', especially in the halal life style.

### **Condition of Halal Fashion Accessories Product Development After Value Creation Implemented by Valco Leather Factory**

The process of developing halal fashion accessories products carried out by Valco Leather Factory in fulfilling halal lifestyle through value creation is not only expected to be able to produce products that are in accordance with the development plan but also to be able to meet the desires and needs of halal lifestyle consumers and consumer satisfaction. Knowing the condition of product development after the development process through value creation itself is very necessary in order to see how the development process has been carried out.

In the process of developing halal fashion accessories by Valco Leather Factory, value creation is very instrumental in the smooth and successful development efforts. With the products produced by Valco Leather Factory is also able to attract consumers to buy their products, it can be seen from the number of

new consumers who are interested in Valco products as well as large companies and even government institutions. Valco Leather Factory is also able to produce goods in large quantities due to increased demand, this can be seen from the following table:

Table 3. Wallet & Bag Product Improvement Valco Leather Factory

No.	Product Type	Value creation	
		Before	After
1	Wallet	200-300 pcs/mont	300-700 pcs/mont
2	Bag (Sling/Puch/Clutch/hand/waistbag)	250-400 pcs/month	500-1000 pcs/mont

Source: Primary Data, 2021

In addition to the increasing demand for Valco products, more and more consumers of Valco Leather Factory can also add several employees during difficult times like now, namely with the Covid-19 virus pandemic, although 90% of services are still done online but this does not reduce the production of Valco products. Number of employees Valco Leather Factory increased by 3 employees, where before Valco products experienced good development as currently the number of UD. Valco employees as many as 10 people, and now it has increased to 13 people, namely in the sewing, admin and product packaging sections.

### **Conclusion**

Development efforts are carried out by creating new products or modifying products into products with different characteristics. Always prioritize product differentiation so that the resulting product is superior to other products. Many models, more functions and benefits become an added value for Valco Leather Factory gives to consumers. In the development process, there are several stages carried out. The production channels of valco companies are certainly structured as found in the field. their efforts to maintain continuity in the supply chain from production, distribution, to consumption, prove that their halal value creation is proven correct. In accordance with this, then these findings are considered important

to adopt the values of halal value creation and further developed in other product segments.

The condition of the development of halal fashion accessories after the value creation implemented by Valco Leather Factory includes: (1) Valco products are increasingly recognized and in demand by consumers; (2) The demand for Valco products is increasing; (3) Valco products can provide satisfaction to consumers with its value creation ; (4) Valco Leather Factory may add some new employees. With this research, it is hoped that it can provide insight, improve literacy regarding the development of accessories product saddled services halal fashion through value- creation in fulfilling the halal lifestyle, and it is hoped that further research will be carried out in depth regarding the development of halal fashion products in order to create consumer satisfaction and benefits for the surrounding community in using halal products.

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