



## Halal Market Opportunities Through Research Findings

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### ABSTRACT

*Halal* market has becoming a phenomenal reality globally with the growing number of customers that encompass Muslims and non-Muslims. The emergence of a global *halal* market has opened vast opportunities for firms in numerous industries that include food, fashion, hospitality, agriculture and services. It is gathered from the literature that notable factors contribute to the upward potential of *halal* industry. New dimensions of *halal* areas are expected to be explored by the *halal* market players to develop more innovative *halal* offerings thus benefit all consumer groups. Realizing that market intelligence is important, the advances of robotics, Internet of Things, Big Data are ways to assist and support the *halal* eco-system thus further operationalise *halal* requirements outlined by the Quran (the Holy Book of Islam) and Hadith (practices and sayings of the Prophet of Muhammad, peace be upon Him). Common issues pertaining to *halal* matters are seen as challenges for firms to act on proactively and be prepared with effective plans and strategies as the consumers for *halal* products and services come from wide range of race and religion worldwide. Market players and exporters need to serve a Muslim community of varied Islamic school of thoughts that appear to be very challenging in different countries. It is interesting to explore the *halal* market opportunities in *halal* literature that makes it so significant for this high demand market.

**Key Words:** *Halal*, Market, Opportunities, Muslim

### 1. INTRODUCTION

The global *halal* market is growing immensely as highlighted in the literature (Mohsin, Ramli & AlKhulayfi (2016); Ab. Halim, Syed Marzuki, Abdul Ghani Hilmi, Ali & Ishak (2015); Syed Marzuki, Hazudin, Ishak & Abdul Wahid (2015); Stephenson (2014); Abdul Khalek (2014); Syed Marzuki & Abdullah (2014); Syed Marzuki, Hall & Ballantine (2014); Abdul Talib & Abdul Razak (2013); Syed Marzuki (2013); Syed Marzuki, Hall & Ballantine (2014); Bohari, Cheng & Fuad (2013); Lever & Miele (2012); Syed Marzuki (2012); Syed

Marzuki, Hall & Ballantine (2012a); Syed Marzuki, Hall & Ballantine (2012b)). Determining factors contributing to the increasing potential of *halal* market include the rising number of Muslim populations worldwide which are estimated at 1.8 billion (Abdul Talib & Abdul Razak, 2013). Within this context, a notable number of young and educated Muslims that have purchasing power and willingness to spend thus contribute to a new market segment. Another factor is the growing global *halal* awareness due to aggressive *halal* promotions and its impact, as well as migration activities and conversions. Furthermore, researches showed that the demand for *halal* products and services has shown remarkable findings on innovative *halal* offerings like eco-*halal* and mobile slaughtering.

*Halal* products and services that are highly demanded include *halal* food, *halal* eating establishments, *halal* meat and *halal* tourism as evidenced in 9 years of research on *halal* topics and market opportunities (Syed Marzuki, 2016 & 2012; Syed Marzuki et al., 2017, 2016, 2015, 2014, 2013, 2012 & 2009). *Halal* food consumption is a prominent element in becoming a good Muslim (Dahalan, 2008). In essence, *halal* food integrates into the hospitality industry that denotes *halal* dining, travellers and contributes to *halal* tourism. Apart from the *halal* hospitality perspective, the potential of *halal* meat market is also emerging globally with the awareness and acceptance of European countries over the last 15 years that demand meat that preserve animal welfare although the concept of *halal* slaughtering is debateable at certain times.

## 2. HALAL MARKET OPPORTUNITIES

Islam has listed in detail and guided its followers on permitted and prohibited foods under Islamic Dietary Laws (Syed Marzuki et al., 2013). In Islam, food is confined particularly within the concept of *halal* and *haram*. *Halal* means lawful, permitted, pure, wholesomeness and recommended by the Islamic Dietary Laws (Dahalan, 2008; Kocturk, 2002; Mohamed Nasir & Pereira, 2008; Riaz & Chaudry, 2004; Shafie & Othman, 2006). Several chapters (*surah*) in the *Quran* keep reiterating the importance of eating *halal* foods that include *Al-Baqarah*- The Cow (*surah* 2) and *Al-Maidah*- The Table Spread (*surah* 5).

O ye who believe! Eat of the good things that We have provided for you, and be grateful to Allah, if it is Him ye worship.

(*Surah Al-Baqara* [The Cow], verse 172)

This day are (all) things good and pure made lawful unto you. The food of the People of the Book is lawful unto you and yours is lawful unto them.

(*Surah Al-Maidah* [The Table Spread], verse 5)

It is crucial for Muslims worldwide in particular to maintain the ‘*halalness*’ in every aspect of their lives to conform with the *Shariah* (Islamic Law). At one aspect, *halal* is seen as a religious matter, but it serves more than that as *halal* market is growing at an increasing rate and the Muslim consumption and demand towards *halal* products and services has been untapped before. Looking at these opportunities, *halal* market players are keen to explore more in this lucrative market as this market not only focusses on Muslims but also to the non-Muslims.

## **2.1 Halal Food**

Food is a vital aspect in our life. As well as being pertinent for existence it is also considered an essential factor for interaction among various ethnic, social and religious groups. All human beings are concerned about the food they eat (Riaz & Chaudry, 2004). Some of them have their own food restrictions, such as Muslims who want to ensure that their foods are *halal* and Jews that their foods are *kosher*. As far as *halal* food is concerned, the relationship between *halal* and Islam has created a unique and special value to the Muslims when food aspect is discussed.

Increasing demand of *halal* food globally has encouraged restaurant and hospitality business managers to change the status of their eating establishments to be *halal* certified. Furthermore, *halal* can also be considered as a universal food where it is consumed by the Muslims as well as the non-Muslims (Abdul Latif, 2006; Mohamed Nasir & Pereira, 2008), including in Malaysia (Al-Nahdi et al., 2009)

As mentioned earlier on the Muslim population around the globe, the demand for *halal* food is estimated at US\$547 billion a year (Bohari et al., 2013). The ability of the demand to grow higher is expected with the rising incomes in primary markets for *halal* food, increasing demand for safe, high quality in primary markets, high demand for variety of food offerings and complies to the Islamic Law. The *halal* food demand is expected to rise to USD2.1 trillion and this opens to holistic approaches and efforts to respond to the challenges ahead.

## **2.2 Halal eating outlets**

*Halal* has become an important concept as the food service industries are becoming more aggressive in promoting its *halal* status. *Halal* food attributes are represented by *halal* certification, with the number of patrons of *halal* certified restaurants believed to be increasing (Al-Nahdi et al., 2009). Eating outlets that are *halal* certified have wider opportunities for return visit (Syed Marzuki, 2012; Syed Marzuki et al., 2012a, 2012b & 2013). Findings showed that

*halal* certified restaurants not only conform to Islamic Law but at the same time provide commercial value. A point raised by Al-Harran and Low (2008) with respect to *halal* marketing is that, it is very much like marketing for any other products and the 4Ps of the marketing mix should be applicable. However, it is also an integration process where the Muslim and non-Muslim patrons can dine together.

A study done by Abdul Khalek (2014) found that young Muslims in Malaysia has positive attitude towards *halal* food outlets and Jakim's certification. In addition, 60% of the Saudi's consumers are youths aged below 35 years who are keen to try new products and they have a high purchasing power that makes *halal* food offerings to stand a chance to rise competitively. In the realm of *halal* food industry, *halal* standard is often associated with high hygienic elements throughout the supply chain. With the increasing demand and concern on safe and suitable food for consumption, food service operators will have to do something in the preparation or service of a meal that will not go against the dietary rules of Islamic religion. If violation occurs, then a Muslim customer will feel that his or her religious identity and security maybe compromised.

### **2.3 Halal tourism**

An increasing growth trend in the numbers of international movements has been observed in the *halal* tourism market. A report by Thomson Reuters and Dinar Standard (2013) as in Mohsin et al. (2016) stated that *halal* tourism was worth US\$137 billion in 2013 and expected to reach US\$181 billion by 2018. Henderson (2009) defined Islamic tourism as tourism mainly by Muslims although it can extend to non-believers motivated to explore Islamic tourism which takes place in the Muslim world. However, Zailani, Omar and Kopong (2011) believed that *halal* tourism is on offering tour packages and destinations that are particularly designed to cater for Muslim considerations and address Muslim needs that is not being applied to food but includes any *Shariah* compliant products and services. This is supported by Mohsin et al. (2016) that *halal* tourism referred to the provision of a tourism product and service that meets the needs of Muslim travellers to facilitate their worship and dietary requirement that follow the Quran and Sunnah.

Within this aspect, the notion of *halal* tourism is enormous in reality and application. The potential of *halal* tourism market covers Bahrain, Jordan, Kuwait, Oman, Saudi Arabia, United Arab Emirates, Malaysia, Indonesia, Brunei and Muslim travellers from South Asia, Europe, United States of America and United Kingdom (Mohsin et al., 2016). It is also gathered that Muslim travellers prefer to stay at *Shariah* compliant hotel (Ab. Halim et al., 2015; Zailani

et al., 2011). Islamic or *halal* tourism has become a new phenomenon in the tourism industry (Zailani et al., 2011). As such it has been well accepted and opened a wide opportunity to the food providers and entrepreneurs to take advantage of getting into this market. According to the UNWTO (2008) as cited in Zamani-Farahani (2010), Malaysia is one of the countries apart from Turkey and Egypt that record the highest volumes due in part to their popularity with non-Muslim holiday makers. This indicates an unrealized potential among Muslim and non-Muslim markets and significant obstacles to destination development although the rather substantial scale of domestic tourism should not be forgotten.

#### **2.4 Halal meat**

Most of the studies done on *halal* topics focused primarily on *halal* meat (Bonne & Verbeke, 2008; Martini & Chee, 2001; Waarden, 2004), perhaps also reinforcing the impression among non-Muslims that *halal* is only concerned with meat (Wan Hassan & Hall, 2003). However, *halal* applies not only to meat and poultry, but also to other non-food products, for instance, cosmetics and personal care products. In Bonne et al. (2007) study of *halal* meat, they found that the attribute “ritual slaughter” is strongly associated with the value of “faith” followed by “health” and “tradition”. An interesting result from their study was that the consumption of *halal* meat for Muslims was quite different from the consumption of “regular” meat or other foods for non-Muslims. Here, eating *halal* meat is not an automatic process, which is eating without reasoning. It is significantly related to the high level of personal importance attached to *halal* meat consumption due to religious associations.

It has been a long time that most Muslim communities in Europe considered the meat available in supermarkets and restaurants to be acceptable because it was slaughtered by people of the ‘Book’ (Lever & Mele, 2012). In recent decades the status and qualification of the meat have been questioned due to the large number of Muslims in other European countries. *Halal* certification and authority provision provide a mechanism to audit and monitor *halal* food related organizations that deal with the *halal* standards. This is significant as there were cases in the UK where several malpractices were reported in the trading of *halal* meat, including the introduction into the food chain of meat that is unfit for human consumption (Pointing & Teinaz, 2004). This means that any meat that has not been approved as *halal* through Islamic slaughter or any food that is liable to cause ill health (decomposing meat or food unfit for human consumption) cannot be considered *halal*, wholesome or as good *Tayyab/Toyyiban*.

Europe *halal* meat market is experiencing a growth and development although the issues of the authenticity of *halal* meat and *halal* slaughtering are concerned (Lever & Miele, 2012). In the

UK and France, there has been a consistent increase in the demand for *halal* meat for a decade while in Germany the market is at its infancy. With the increasing number of Muslim populations in European countries, it is expected that the *halal* market opportunities to move in parallel with the demand for *halal* meat.

## 2.5 Other potential *halal* areas

Future development of *halal* opportunities is seen prevalent to contribute more in the *halal* market as the demand for hygienic, safe, quality, traceability and trust of *halal* products and services globally. Interesting literature on the latest trend of *halal* areas written by Stephenson (2014) includes *halal* airlines, Islamic village tourism and Islamic cruises. *Halal* airlines need to accommodate gender and family segregation as far as ablution, prayer, seating, meal and in-flight entertainment are concerned. Even though *Shariah* airlines are not available yet but some airlines have offered Islamic friendly environment on air like Air Arabia (Sharjah, UAE), Kuwait Airways and Saudi Arabian Airlines.

On the other hand, Islamic village concept that involves the local community integrates the cultural and economic components of the tourism project. This type of project features Arabic architecture, poetry and varied art forms. No alcoholic drinks is served to the visitors and Islamic principles is maintained at all times including entertainment during the visit. One of the examples is the 'traditional village of al-Saha' located in a southern suburb of Beirut (Stephenson, 2014). Another interesting area is Islamic cruises. Islamic cruises are some of the opportunities that can be offered in the *halal* market. Group trips that focus on religious activities and programmes on board have built the interest of the Muslim travellers. They felt that they wanted something new in travelling apart from similar situations which is taking flights and go on holidays. Muslim travellers would prefer to gather more Islamic knowledge while participating in activities while travelling in a single carrier (Sekaran, 2017).

## 3.0 ISSUES AND CHALLENGES

Businesses that deal with the *halal* market must prepared to face the issues and challenges that might occur. Firstly, is the standard harmonization as there is no single *halal* standard globally. This is an issue because every country has its own *halal* certifiers although many countries refer to JAKIM for advice, support and assistance. With the diversity of standards, this creates confusion not only to the market players but to the stakeholders and customers throughout the supply chain. Another issue is on the scarcity of information. Market

intelligence is very limited for new *halal* areas like Islamic airlines and cruises. Not all *halal* market players or exporters are aware of these opportunities. Even the potential customers are unaware of the existence.

Industrial *halal* innovation can create new value and new satisfaction to response to the growing potential of *halal* products and services. In relation to market intelligence and innovation, Abdul Talib and Abdul Razak (2013, p. 192) have narrated it in an interesting way:

By utilizing the right behavior at the right time, exporters should be able to continue delivering values to their export market and at the same time promotes innovation within the industry. Islamic finance industry is a contemporary example on how conventional banks and financial institutions such as HSBC realized the expressed need for Muslim across the globe to have financial system that adhere to *Shariah* Law and provide Islamic financial options for their customers.

The demand on authenticity of *halal* products has risen significantly as far as *halal* supply chain is concerned. The ethical *halal* dimension has been questioned on animal stunning (*halal* meat) and serving alcohol and non-*halal* ingredients (*halal* claimant eating outlets/hotels). The debate about the role of food standards and certifying bodies are critical to avoid fraud and corruption in complying with the religious standards of Islam while doing business.

#### 4.0 CONCLUSION

The demographic changes of the Muslim population simultaneously increase the demand for *halal* products and services. However, with high awareness on food safety, the non-Muslims are also thriving for *halal* food. This paper is not developed only for the Muslim market but also some spheres of *halal* areas where non-Muslims can be viewed as potential market segments. To enhance competitiveness in the *halal* market, market players must be proactive in conducting market intelligence to tap the unexploited *halal* areas. Non-Islamic countries like Germany and Japan are now moving forward to attract and cater to Muslim religious needs. It appears that *halal* tourism is a significant domain in the global tourism.

*Halal* food, *halal* eating outlets and *halal* meat are areas that need to be further developed as the demand keeps on rising. There are issues and challenges in going global pertaining to *halal* matters but overcoming them are crucial yet needed for the better serving of *halal* industry to take place. Delivering the *halal* value potentials effectively is essential in ensuring innovation

exclusively within the global *halal* market prior to the creation of a *halal* economy. Market players need to understand the broader marketing cycle and supply chain, political sensitiveness and cultural association and at the same time adhere to the guidelines stated in Quran and Hadith.

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