A new look at faith-based marketing: The global halal market

Elif Izberk-Bilgin a,*, Cheryl C. Nakata b

a College of Business, University of Michigan-Dearborn, 19000 Hubbard Drive, Fairlane Center South, 151, Dearborn, MI 48126, U.S.A.
b College of Business Administration, University of Illinois-Chicago, 601 S. Morgan (MC 243), Chicago, IL 60607, U.S.A.

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Abstract Faith-based marketing, or addressing consumers’ religious sensibilities with faith-friendly offerings, represents a new wave of growth for companies. While kosher goods and Christian movies are well-known examples of this trend, companies continue to overlook opportunities for growing faith-based segments. Representing the fastest-growing faith-based consumer group in the world, Muslims, in particular, are a largely untapped segment. Forward-looking companies such as Nestlé, Walmart, and McDonald’s consider this segment as the next ‘one-billion’ market, after China and India, and are developing strategies to appeal to the Muslim consumer. We focus on the key to tapping into the sizable Muslim spending power: halal marketing. Contrary to common belief, halal marketing is not confined to dietary goods. Rather, it pertains to a diverse range of offerings from cosmetics to tourism that represents a global market worth $2.1 trillion annually. Modern interpretations of halal echo the claims of organic and fair-trade industries, broadening the appeal of halal to mainstream consumers. Despite the vast opportunities in halal marketing, winning the pocketbooks of Muslim consumers involves cultural, operational, and geopolitical challenges. We provide an overview of this emerging market and offer five lessons for successful halal marketing.

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1. The global potential of halal marketing

Amid a global recession and saturating international markets, companies are exploring new ways to identify unmet demand and grow their businesses. Multicultural marketing, green marketing, and bottom-of-the-pyramid marketing are some examples of this trend. One route of growth that remains
largely untapped is faith-based marketing. Faith-based marketing, or developing faith-friendly offerings to address consumers’ religious sentiments, has traditionally entailed religious paraphernalia. Most recently, however, the market for faith-friendly offerings has grown to include smartphone apps, Internet browsers, diet plans, movies, music, virtual pilgrimage tours, theme parks, and Caribbean cruises. Indeed, faith-based tourism alone is now an $18 billion-a-year business (Reader, 2013). The prospects are even greater considering that faith-based marketing has mostly targeted Christian and Jewish consumers. Forward-looking companies from diverse industries are already growing their consumer base by pursuing the fastest-growing faith-based segment in the world: Muslim consumers.

At 1.8 billion strong, Muslims present a large and enticing opportunity for global marketers. Halal, or Sharia compliant, is the key to tapping into sizable Muslim spending power, which is estimated to be $98 billion in the United States alone (Dinar Standard, n.d.). Halal refers to what is permissible under Islamic law, and guides millions of Muslims in their daily buying and consumption practices. The global halal market has grown exponentially over the last few years with food products alone capturing $632 billion in sales, equivalent to 16% of the entire global food industry (Power, 2009). Combined with the mounting interest in Islamic finance and a wide range of other Islamic offerings in sectors such as toys, hoteling, fashion, insurance, cosmetics, pharmaceuticals, and entertainment, the global halal industry is estimated to be well over $2.1 trillion a year (Temporal, 2011).

Among those taking notice are multinational corporations Nestlé, Unilever, McDonald’s, Kentucky Fried Chicken, Campbell’s, Colgate-Palmolive, HSBC, Tesco, and Carrefour, as well as J. Walter Thompson (JWT), a global advertising agency. Another global marketing agency, Ogilvy & Mather, recently established a new division, Ogilvy Noor, to provide Islamic branding advice. Even Walmart, better known for its orthodox than out-of-the-box strategies, has jumped on the halal bandwagon. The global retailer opened a store in Dearborn, Michigan, that caters to the large Muslim population in the area by offering halal meats, Islamic greeting cards, and frozen falafel, just a few of the 550 items with Islamic appeal (Naughton, 2008). Despite the attractive opportunities in the halal market, making inroads into the Muslim segment, at home and abroad, remains a complex endeavor with cultural, geopolitical, and operational hurdles. Based on our research, we provide an overview of this emerging market and offer five lessons for global marketers intent on successful access.

2. Trends fueling demand for halal

Though the Muslim demand for halal goods coincides with the birth of Islam, the global halal market has experienced dramatic growth in recent years. Fueling this demand are two demographic trends that suggest halal is not a fad. First, the worldwide Muslim population grew 2.2% annually on average from 1990 to 2010 and is projected to grow at 1.5% annually, twice the rate of non-Muslims, over the next two decades. Muslims, who constituted 18% of the world population 30 years ago, now make up 23% and will be 30% of all people by 2050 (Pew Research Center, 2011). The Muslim population is also increasingly dispersed, spread across 200 countries through emigration and migration. The diaspora has tripled the Muslim population in Europe, making the region the second most attractive market for Islamic goods after the Middle East and North Africa (Masci, 2005). Other parts of the world have witnessed similar increases in the last two decades: 91% in North America, 122% in Australia and New Zealand, and 79% in Asia (Pew Research Center, 2011).

Second, today’s Muslims are more affluent and better educated than their parents and preceding generations. Young Muslims are correspondingly ambitious, cosmopolitan, and willing to participate in the consumer culture. Representing 43% of the global Muslim population and 11% of the world’s (Young, 2010), young Muslims are heavy users of new technologies such as iPhones and cable television, exposing and enabling them to enjoy status-laden global brands. From the streets of Paris to Istanbul, this rising class of Muslims pursues a lifestyle that mimics Western consumption habits with an Islamic twist: they buy Hermès headscarves and Dior abayas (i.e., loose black robes that envelop the whole body); stay at luxurious gender-segregated halal resorts; sunbathe in burqinis (i.e., Islamic full-length bathing suits); and use Sharia-compliant credit cards (Haenni, 2009). The challenge for this group, dubbed YUMIES or young upwardly mobile Muslims, is finding consumer goods that are compatible with their faith. Modern products and services are rarely developed with Muslim practices and norms in mind.

3. Opportunities in the halal market

Halal products have traditionally been offered by small local businesses such as neighborhood butchers and restaurants. However, as consumerism takes hold among YUMMIES across the world, the halal market offers many opportunities for firms with global reach and ambition, particularly multinational corporations with significant resources and
marketing expertise. While there are opportunities for halal offerings in every sector, even the luxury market with halal champagne and Kobe beef, the most promising may be everyday consumer goods such as toothpaste, deodorants, perfumes, cosmetics, vitamins, and over-the-counter drugs. These products are frequently used and could tap into the growing demand for halal items that are high quality, branded, and well marketed.

Notably, companies based in Muslim countries have thus far not succeeded in fully exploiting this opportunity. Although there appears to be a ‘home court advantage’ due to deep knowledge of Islam, few companies from the Muslim world have effectively developed and marketed branded goods and services for the global halal market, which is comprised of adherents of Islam in both domestic and foreign countries. Of the top 100 companies from the Muslim world, only three are listed in the Fortune 500 (all are oil companies) and none are on Interbrand’s prestigious Best Global Brands ranking (Shilkoh, 2014). Those best poised to seize the growing halal market are multinational firms with strong marketing capabilities, especially in branding.

One company already successfully seizing the opportunity is Nestlé. More than three decades ago the multinational firm saw the potential of the Muslim segment and started investing in halal supply chains and manufacturing processes. Today, the company is a leader in the global halal industry, offering a range of halal-certified products from chocolate to infant foods, including halal versions of KitKat, Nescafé, Maggi, and Coffee-mate. In 2010, Nestlé sales in Islamic countries were $6.6 billion (T. Marina Tunku Anuar Badlishah, Nestlé Group Corporate Affairs Manager, personal communication, January 2012). While Nestlé’s early halal efforts were concentrated in predominantly Muslim markets such as Malaysia, Indonesia, and the Middle East, in 2008 the company launched the ‘Taste of Home’ marketing initiative in France, the United Kingdom, Germany, and Switzerland to target the expanding Muslim population in Europe. By 2009 Nestlé reported 50% annual growth and double-digit profitability in Taste of Home sales. Currently, Nestlé has 85 halal factories worldwide and ranks second in Ogilvy Noor’s Global Brand Index (O’Neill, 2010), which measures perceived halal-ness of global brands.

This impressive performance and these extensive halal offerings make Nestlé a model for other firms seeking to effectively enter the global halal market. We therefore examine Nestlé as a case study, along with other businesses making inroads in this market, to derive key lessons for firms interested in pursuing their own halal initiative. The case study is based on analysis of Nestlé’s halal programs; review of academic studies on Islamic marketing; secondary research on leading institutions, companies, and online forums shaping the halal industry; as well as our participatory observation of practitioner-oriented conferences. From this case study, we offer five lessons for businesses interested in using halal marketing to tap into the Muslim segment.

4. Five lessons in halal marketing

4.1. Embrace a holistic meaning of halal

Often halal is mistakenly confined to abstinence from alcohol, pork, and meat that is not ritually slaughtered. However, halal is more encompassing; it emphasizes purity in substance and prescribes consumption of products closest to their natural state. For consumers, this can mean seeking goods free of pesticides, preservatives, antibiotics, and GMOs. Halal also refers to purity in conscience and

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<th>Certifying Organization</th>
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<td>Islamic Food and Nutrition Council of America (IFANCA)</td>
<td>U.S.A.</td>
<td>• Inspects ingredients and production procedures • Conducts audits of facilities and may revoke halal certificate • Allows IFANCA-supervised mechanical slaughtering of poultry</td>
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<td>ISNA</td>
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<td>Halal Food Council of Europe</td>
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<td>• Inspects ingredients and production procedures</td>
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<td>Department of Islamic Development Malaysia (JAKIM)</td>
<td>Asia</td>
<td>• Inspects ingredients, handling, preparing, production, and storage processes • Requires organizations to have an internal halal committee and offer periodic halal training</td>
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conduct, requiring believers to engage in good deeds and make ethical choices. Thus, halal is closely tied to issues of fair trade, organic agriculture, animal welfare, food safety, and ecological economics. Holistically understood, halal is consistent with and reflects sustainability and corporate social responsibility (CSR) values.

Considering the common grounds shared by halal, sustainability, and CSR, we observe several advantages to companies that comprehensively embrace and institute halal. First, by upholding the principle of good deeds embedded in halal—that is, values of transparency, fairness, and community—companies can boost their CSR profiles and programs. Second, by positioning halal as a health and wellness initiative, firms can avoid being perceived as a Muslim-only company by global consumers. Both these efforts broaden the audience for halal products to include non-Muslims, similar to the way kosher items are embraced by some non-Jewish consumers as pure and ethical alternatives.

We see Nestlé employing these holistic halal strategies. The company approaches halal as a universal concern of health and wellness and, as a result, has adopted a ‘crop-to-plate’ philosophy of halal, ensuring that its ingredients are free of not only alcohol and animal derivatives but also pesticides, GMOs, and MSG within regulatory limits (Temporal, 2011). The crop-to-plate philosophy allows Nestlé to both meet the religious requirements of observant Muslims in its Asian and Middle Eastern markets and export its halal-certified products to Europe, thereby attracting health-conscious, non-Muslim consumers. Addressing the demand for wholesome and ethically produced products, while adhering to strict quality and hygiene standards prescribed by halal, has allowed the company to gain the trust of and purchases by mainstream consumers—a competitive advantage for Nestlé.

Staying true to its crop-to-plate philosophy, Nestlé also implemented a Food Industry Mentoring Program in Malaysia. Through this program, Nestlé shares good manufacturing practices with more than 1,200 small and medium local enterprises and thereby ensures a continuous supply of halal ingredients for its manufacturing needs. Moreover, the program enhances local businesses’ strategic capabilities and competitiveness, generating good will for Nestlé with its suppliers and the Malaysian government. Needless to say, Nestlé earns high marks in Malaysia as a socially responsible company, satisfying not only the material but also the spiritual elements of halal.

In this sense, halal is strategically aligned with Nestlé’s global brand motto, “Good Food, Good Life,” and its corporate identity as a nutrition, health, and wellness company.

4.2. Know the halal rules and rulers

The institutional terrain of the global halal market is complex. Various governmental and non-governmental actors are simultaneously seeking to define the boundaries of halal, to establish universal halal standards, to set accreditation procedures, and to claim a voice in this emerging marketplace. Governments leading the halal initiative include Malaysia, Indonesia, Saudi Arabia, Pakistan, and Turkey. These political bodies are working with a host of non-governmental organizations, supranational institutions, media companies, and consulting firms to build greater global recognition for the halal concept. Among their partners are the Organisation of the Islamic Cooperation, World Halal Forum, European Council for Fatwa and Research, KasehDia, Ogilvy & Mather, and JWT.

However, varying interpretations of halal within the heterogeneous Muslim community and the existence of multiple halal regulatory bodies—each with its own agenda, standards, and procedures—generate confusion for firms seeking to address the halal market. The lack of a universal halal certificate and halal logo, along with inconsistencies among halal policies and procedures (see Table 1 for a list of key halal certifiers by region), is particularly problematic for companies relying on a global supply chain or exporting to several countries. Even attempting a regional marketing approach under the assumption of scale economies may run into difficulties since countries within a region, such as the 57 nations belonging to the Organisation of the Islamic Cooperation, can differ or change on halal standards. Recently, for example, Nestlé scrambled to procure beef from South American producers when the Malaysian government suddenly announced that it no longer deems Australian beef, which Nestlé relied on for its Malaysia production, as halal (Power & Gatsiounis, 2007).

Companies should also be aware of the institutional power hierarchies and struggles within the halal industry and among countries. For example, two competing agencies issue the halal certificate in Turkey, a Muslim-majority country. One is GIMDES, an Islamic non-governmental organization, and the other is TSI, a state sponsored institution. The TSI certificate is, however, deemed unacceptable by the Malaysian government due to the secular nature of the Turkish state. Multinationals exporting from their subsidiaries in Turkey to Malaysia and possibly other Muslim countries under the TSI certificate will be met with market entry hurdles. Likewise, with the increasing popularity of halal in the United States, many halal certifiers have proliferated—each with their own logo—over the last few years.
in addition to the prominent IFANCA label from the Islamic Food and Nutrition Council of America. As nation states and halal certifiers compete with each other to claim their share of the halal pie, global exporters may suffer the consequences of power struggles within the halal industry.

From Nestlé we can see a way forward through such a volatile and challenging regulatory environment. To keep abreast of evolving and varying halal standards, the company has developed an internal mechanism, namely, a halal committee, comprised of Muslim executives representing distinct functions and countries. This committee, thanks to its multi-disciplinary and multi-cultural nature, is credited with cultivating Nestlé’s holistic understanding of halal, which is not confined to a particular sectarian view. More importantly, by integrating the varying perspectives on halal manufacturing procedures, the committee has developed internal halal guidelines for the company. Committee members also provide advice on halal compliance and certification to Nestlé brand teams on a regular basis.

Another way forward is to have managers monitor developments in the halal industry. This involves following influential sources outside the mainstream media such as the Halal Journal and Halal Focus, gathering market intelligence from halal specialists such as Dinar Standard and IFANCA, and attending halal expos such as the World Halal Forum and the American Muslim Consumer Conference. Likewise, following consumer blogs is helpful for understanding halal as a lifestyle in order to generate new product ideas and services. Both approaches underscore the lesson of knowing the halal rules and rulers.

4.3. Engage in dialogue with halal policy makers

The halal industry presents a unique market structure. In faith-based markets like kosher and halal, religious authorities command a significant degree of influence over what constitutes permissible as well as preferable brands. Most multinationals are not used to collaborating with religious gatekeepers, particularly Islamic ones, in order to ensure their products have appeal and are purchased. Therefore, it is vital that companies proactively engage and develop collegial ties with notable Islamic institutions and scholars so that their products and services are acceptable and favored in the eyes of the Muslim community.

The importance of continuous dialogue becomes more meaningful in light of the evolving nature of the global halal industry. Given the flux in halal standards, engaging with key Islamic institutions may afford multinationals a say over halal policies as they are being formulated. For example, one debated issue of particular importance, which may lead to expensive overhauls in operations or reformulation of supply chains, is the regulations concerning meat and poultry. Islamic slaughtering methods, which require hand slaughtering and the blessing of each animal, are cumbersome and inefficient compared to modern processing methods. Yet widely used methods outside the halal tradition like stunning and anesthetizing are condemned by Islamic scholars. Cognizant of these issues, Islamic scholars are currently considering the acceptability of mechanical slaughtering, provided the animals are blessed through a tape recorded recitation of prayers. Companies like KFC and Nestlé, which rely on halal meat suppliers and animal-derived ingredients, have a lot at stake in these discussions. As such, Nestlé, KFC, and Colgate have been sponsoring and actively participating in the World Halal Forum since its inaugural meeting in 2006, with the goal of creating a common halal platform pertaining to food and personal care.

Forging relationships with Islamic bodies in markets where local halal standards are not already formulated can be particularly valuable for multinationals. A case in point is Nestlé’s early foray into halal in Malaysia. The company’s ardent efforts to engage with Islamic bodies allowed Nestlé Malaysia to adopt the halal concept as early as 1980 and establish its own halal policy long before the Malaysian Government required halal certification. In fact, Nestlé’s pioneering halal policy and practices played a foundational role in the development of the Malaysian halal standards established by JAKIM, the Department of Islamic Development Malaysia, in 1994. Thanks to its foresight and strong relations with JAKIM and other important certifying bodies, the company did not have to change its manufacturing standards and transfers its expertise to its halal factories worldwide. As Nestlé shows, businesses can benefit greatly by having a say in evolving technical and procedural halal issues.

Continuously interacting with religious leaders and local governments offers other advantages to multinationals susceptible to boycotts in dealing with any consumer misperceptions or negative attitudes in Islamic markets. For example, Coca-Cola countered speculations in Middle-Eastern markets that the brand name read “No Mohammed, No Mecca” in Arabic by seeking a decree from the religious authorities in Saudi Arabia. Likewise, P&G relied on a fatwa (an Islamic legal decree) to combat copycats of its brands in Middle Eastern markets. Both examples show that Islamic scholars’ command over Muslim opinion can be more powerful and credible than expensive, elaborate PR campaigns, underscoring
the lesson of building good working relationships with notable Islamic institutions.

4.4. Navigate consumer backlash creatively

Despite the prospects offered by Muslim markets and halal marketing, companies have to understand that religion and marketing can make strange bedfellows. Marketing to Muslims can be likened to tightrope walking. On the one hand, ignoring a consumer market as large as a quarter of the world’s population is obviously not business-savvy. On the other hand, catering to the Muslim consumer segment may attract criticism from various audiences.

An unanticipated source of criticism is Muslims themselves. Lip service paid by some businesses to the Muslim segment generates skepticism about the companies’ motives. Particularly, marketing of products that are incongruent with Islam such as halal wine and sausage raises eyebrows among the pious, who perceive such attempts as exploitative of religious sentiments (O’Neill, 2010). Likewise, taking shortcuts in the manufacturing process in haste to jump on the halal bandwagon, providing shoddy goods, or compromising halal quality gives rise to the charge of being ‘pseudo-halal’ and targeting Muslims as ‘wallets to be drained.’

Halal marketing can also attract criticism from mainstream consumers, particularly in the United States, given the heightened sensitivities after 9/11. Some Christian and Jewish fundamentalist blogs accuse Nestlé, Campbell’s, and Walmart with financing terrorism and promoting Sharia law. How companies respond to these charges varies. Most recently, the hardware giant Lowe’s managed their public relations poorly when the company, under pressure by a Christian conservative group, pulled its advertising on a Muslim reality show. The move infuriated not only Muslims, but also many high-minded non-Muslims and interfaith organizations. Whole Foods, on the other hand, tactfully handled the commotion that followed the launch of a halal line of frozen entrées during Ramadan by stressing that the company promotes the Muslim holy month just as it does other religious-related holidays such as Passover, Easter, and Thanksgiving. This stance effectively dissipated the criticism, while garnering applause from the Muslim segment.

Dealing successfully with consumer backlash requires businesses to assert that halal manufacturing is not about companies making political choices, but is about offering people products that are in keeping with their belief systems, be they religious or secular. Indeed, marketing halal products is no different than selling kosher or organic goods; top management in organizations should stress this idea to customers, business partners, and employees.

An overtly religious positioning or brand story is not necessary to reach out to the Muslim consumer. Rather, a nuanced promotion that emphasizes the health, ethical, and purity aspects of products enable companies to manage the complexities surrounding halal. For example, highlighting the pesticide-free or fair-trade qualities of a product appeals not only to the halal-conscious, but also to the non-Muslim consumers. Tom’s of Maine, which offers halal certified toothpaste, deodorants, and mouthwash, provides a great example. On its website, the company emphasizes the natural and sustainable properties of its products by showcasing its Cruelty-free, Leaping Bunny, and kosher certifications next to its halal certification.

Companies can also pursue a more subtle approach to packaging halal products. Instead of eye-catching halal logos, companies can opt for a certifying agent with a discreet logo—akin to the kosher symbols most consumers are accustomed to—that communicates products’ halal status to the target market without attracting unwanted attention. Selectively promoting halal, whether it is through choice of media or geographic location, is another way of navigating negative sentiments about Islam post 9/11 in Western markets.

In conflict markets where anti-Western fervor is high, halal marketing may even provide added value for American and European brands. Research shows that consumers, particularly those financially and educationally disadvantaged, resent global brands for imposing a foreign lifestyle imbued with Western values and thereby eroding local traditions (Izberk-Bilgin, 2012). Halal positioning represents one way of addressing such criticism by allowing multinationals to celebrate ethnic and religious diversity.

4.5. Build an integrated halal approach

Integrating halal throughout the organization is essential to gaining a stronghold in the halal market. To build rapport with consumers, companies should not just put on an Islamic façade; rather, halal criteria should be incorporated early into the R&D stage and should be applied to sourcing, production, logistics, sales and marketing, as well as customer service. Given the risks of losing consumer trust and being labeled ‘pseudo-halal,’ integrating halal values into the entire value chain may be the most cost-effective way of halal manufacturing in the long run. Designing products with halal-compliant raw materials in mind, eliminating the cross-contamination risk during storage, transportation, and retail placement,
ensuring supplier halal-compliance, and training customer service personnel to answer inquiries about ingredients or production methods are important, yet not widely known, aspects of successful halal manufacturing. Such a comprehensive implementation of halal, not surprisingly, requires a halal champion, or a leader, to oversee different facets of production and to spearhead the certification process.

Nestlé may owe its reputation as the world’s largest halal producer to the seamless way the company integrates halal principles across different operational functions. Nestlé’s halal committee has served as the champion, leading the company’s foray into the halal market since the 1980s. The committee not only formulated internal halal standards in the early days of the halal initiative, but also continues to oversee the supply, auditing, and certification aspects of production. For example, the company’s ‘farm to fork’ philosophy requires that not just raw materials but also the equipment, transportation means, and storage facilities comply with halal standards. To uphold this philosophy, the halal committee collaborates with both external and internal partners. Externally, as noted before, the committee provides halal manufacturing advice to the Food Industry Mentoring Program the company has instituted to procure ingredients that are free of alcohol, animal derivatives, pesticides, GMOs, and MSG. Committee members work with producers, suppliers, abattoirs, and distributors (including those using vending machines) to ensure that halal products are not cross-contaminated by non-halal foods until they are consumed (Vogt, 2010). In countries where Nestlé has halal factories, the committee works closely with halal authorities and external auditors for routine inspections of and surprise checks on its supply, production, and storage processes, ensuring operational transparency. Internally, the committee provides advice to brand teams on matters pertaining to halal compliance and serves as a liaison between brand management and certification agents. The committee also ensures continuous support from top management to successfully market and communicate halal product lines to the public, including the training of its customer staff to answer inquiries about halal ingredients.

5. Concluding thoughts

The Muslim consumer segment represents an untapped opportunity for marketers. The demand for halal goods is expected to rise given the growth rate of the Muslim population and the increasing availability of halal products. As illustrated by Nestlé and several other multinational firms, this opportunity can be exploited through thoughtfully following five principles.

Although Western multinationals have led the way in cultivating and initially penetrating the global halal market, efforts are being made as well by Muslim-owned companies. These businesses are targeting consumers in Muslim countries as well as those outside in the West. Several companies are making significant sales inroads, such as Crescent Foods and Saffron Road in the United States and Ummah Foods in the United Kingdom. These firms are selling a wide range of halal products from frozen entrées to broths, cookies, marshmallows, and beef jerky through prominent retailers like Whole Foods and Walmart in North America and Tesco and Carrefour in Europe. Likewise, Muslim women entrepreneurs are leading the charge in developing halal cosmetic brands such as the U.S.-based Amara, the UK-based Halal Cosmetics company, and the United Arab Emirates–based OnePure that are marketed worldwide through company websites.

Interestingly, Muslim-owned companies are targeting not only first-, second-, and third-generation Muslims who are part of the large and ongoing diaspora, but increasingly also non-Muslim consumers who are drawn to socially and health-conscious products. An example is Brunei-based Wafirah, which manufactures and distributes premium halal foods and beverages in the United Kingdom. With 2.7 Muslims living in Britain, Wafirah has identified a large, educated group of consumers who are willing to pay higher prices for quality products consistent with their religious beliefs. Wafirah’s products have been well received by these consumers as well as by non-Muslims, who comprise 20% of their purchasers (Riley, 2013).

Despite these encouraging signs, Muslim-owned firms face significant challenges to address halal markets in the West, somewhat in parallel to what Western multinationals confront in selling their goods in Muslim countries. One of these challenges is country-of-origin effect. Due to anti-Islamic sentiment fueled by 9/11 and ongoing conflicts in the Middle East, some Western consumers have negative associations with firms having Islamic ties. The mere mention of Islam can trigger a hostile reaction. Another challenge is building quality brands of international caliber that consistently deliver on their promise. As noted earlier, Muslim-owned companies have yet to be recognized on Interbrand’s Best Global Brands list. Successfully creating and managing global brands requires significant expertise, resources, and experience, which well-established
multinationals from industrialized countries tend to be endowed with. A final challenge is intense competition. Muslim-owned halal enterprises moving into Western markets compete with both producers of kosher goods as well as other socially conscious good-for-the-world products. For example in the United States, kosher products outnumber halal products in supermarkets 86:1, and 16% of Muslims buy kosher products (Temporal, 2011).

At this juncture, while Muslim-owned companies are attempting to meet the needs of halal consumers at home and abroad, they are leaving noteworthy gaps for Western multinationals to fill in many business sectors. In particular, demographic trends indicate a growing demand for halal pharmaceuticals, vaccines, nutraceuticals (e.g., halal Nutrilite by Amway), cosmetics, and personal care products in both Muslim-majority and Muslim-minority markets. Companies like Novartis, Pfizer, Procter & Gamble, Revlon, and L’Oreal are well positioned to address this growing need given their vast R&D resources and marketing expertise. Western multinationals’ relatively rare global branding and marketing capabilities equip them to meet this challenge particularly well, along with a sensitive adaptation—guided by the five principles—to the unique demands of this burgeoning market.

References


