



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

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KEYWORDS

Faith-based marketing;
Islamic consumption;
Halal manufacturing;
Kosher;
Religious marketing;
YUMMIES

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

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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 YUMMIES 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

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