

## **“MARKETING HALAL: CREATING NEW ECONOMY. NEW WEALTH” HANDS ON EXPERIENCE BY AN AWARD WINNING NON-MUSLIM HALAL ENTREPRENEUR**

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### **Non-Muslim Halal Entrepreneur**

I have to admit initially, that I would wonder whether a non-Muslim going into the halal business would be accepted.

One thing that always suppresses people who are not familiar with the halal industry is that easily 70 per cent of the halal business done in Malaysia, and I'm told, the world, are owned by non-Muslims.

Halal Development Corporation in Malaysia (HDC) has affirmed many times that the Muslim world is fine with non-Muslims going into the Halal industry in fact they encourage it. The more entrepreneurs go into the Halal business the better.

Since we began operation in 2008 HDC has noticed our work and our commitment to communicating the goodness of halal products and services even though we are not a Muslim company we have earned their respect and have been chosen by the HDC to be on their Top 20 Most Successful Halal Compliance Companies in Malaysia.

I respect HDC's open-minded view on how Malaysia as a Country should be use Halal as a drive of economic growth. They have been adamant that race and religion should not matter, as long as the business owner complied with Halal requirements.

Which is brings me to a really important point that I cannot emphasise enough. The important thing that all businessman wanting to go into the halal business must do is to be sincere about compliance. What I mean by that is that it is not enough just to adhere to the letter of the regulations but also to the spirit of it.

So if you want to say your business is halal. Make sure it is.

Get Halal certification and be extra careful in ensuring that you are in compliance with the requirements at all the times, throughout the entire value chain.

That mean all the raw materials must be halal. How can factories or truck be halal or non-halal? It depends on what they were used for. If a factory had been used to produce non-halal products previously or if a truck had been used to transport non-halal items, they would not be considered halal.

Through my work in a MNC for 14 years, I was already familiar with the halal concept, so it was not new to me. But my previous work involved personal care and cosmetics. Food is a different kettle of fish, which is even more sensitive when it comes to halal compliance.

To learn about halal, I completely immersed myself into that industry. I read lots of books and magazine like the

Halal Journal. I participated in halal conferences. I joined in World Halal Forum, where I meet other businessman involved in the halal industry. I appointed a halal compliance officer. All this helped ensure that I fully complied with halal requirements.

I learned that halal is much more than just about which animals are forbidden to be eaten and what acceptable slaughtering methods are. Through HDC, I learned about the concept of halal toyyiban which means permissible and wholesome.

The wholesome part mean the food must be good for you, it must be safe, and it must be hygienic. So, beef might be halal but if the cow has been fed lots of harmful hormones or if it might have contracted some diseases or if the meat is not prepared in a clean manner, it's not toyyiban (or wholesome). As such, it does not fulfil the criteria of halal toyyiban.

Foe something to be truly permissible to be eaten by Muslims, it is not enough to be halal but it has to be halal toyyiban. And this is something the HDC promotes.

### **The Essence of Halal**

It's difficult to talk about the concept of halal without touching on religious matters because halal is, after all, rooted in Islam. However, being that this fundamentally a business oriented article, the focus of this article will be on what halal means in a business context as opposed to a religious one.

Although people often talk about halal as something permissible for Muslims to consume, that's only half the picture. The other half is toyyiban, which means wholesome (as safe, nutritious, and hygienic).

The opposite of halal is haram (or non-halal) which means forbidden and harmful. Any food or drink which lies within the grey area and does not fall clearly under the halal or non-halal category is classified as syubhah (questionable or dubious). The prudent thing for Muslims to do is to avoid syubhah food or drinks.

Halal food stuffs may be divided in to animals and plants. Animal are further divided into land animals and seafood. Land animals are lawful except those which are expressly prohibited in the Quran such as pigs, animal with canine teeth that hunt other animals and birds of prey.

All seafood is lawful no matter how the animal dies. This includes fish and other seafood such as molluscs which need not be ritually slaughtered. However, amphibious animals like frog and crocodiles are not allowed.

Vegetable including seeds and cereal are all lawful provided they are don't intoxicate. Naturally, plants that cause intoxication would be forbidden.

A key aspect of Halal foe animals concerns the method of slaughter. A halal animal would be considered non-halal if it is not slaughtered the Islamic way. This method of slaughtering helps to avoid microbial contamination, which basically covers the toyyiban part of halal toyyiban.

Slaughtering is mandatory to ensure the complete drainage of blood from an animal's body, thus minimising the chance of microbial infection. Any food made with blood forbidden. This compatible with the overall concept of cleanliness that is always emphasised in Islam.

Apart from ensuring the cleanliness of foodstuffs, Islam prohibits the usage of any material that is detrimental to the spiritual or mental well-being of a person, such as alcoholic drinks and drugs, which intoxicating. Foods containing

even a small amount of wine are to be avoided, including chocolates and drinks or foods tinged with alcohol.

The concept of toyyibban becomes all the more crucial when it concerns ingredients that are added to food to either preserve it or improve its colour or flavour. If they are not harmful, that's fine but some might be actually be hazardous to health. Technically, such additives might not be non-halal but they are certainly not toyyibban. As such, Muslim should not consume them.

In order for a product to be halal-compliant, some standard had to be designed, under the supervision of the Halal Standards Industry Committee, which comprises Islamic scholars, producers, users, consumers and other stakeholders, Halal foodstuffs according to the Malaysia Standards are those substances that comply with the following:

- The food ingredients do not contain any component or product of animals that are non-halal or products of animals which are not slaughtered according to shariah law.
- The food does not contain any ingredient that is considered filthy or impure according to the shariah
- The food is safe and not harmful
- The food or its ingredients do not contain any human parts or its derivatives that are not permitted in Islam
- Foodstuffs that are not prepared, processed or manufactured using equipment that is already contaminated with filthy or impure elements
- During transportation, the food is physically separated from other food that is not halal or filthy (impure)
- When these standards are carefully observed, the certification issued by the authorised agency establishes the shariah permissibility and halal status of the products concerned.
- It's a fallacy to assume that for a business to be halal, the owner must be a Muslim. The too strong reality is that Muslims are mainly consumers of halal products, not producers. Both in Malaysia and around the world, easily 70 per cent of halal food producers are non-Muslim.
- Neither is it true that halal food is meant for Muslim consumers only. The concept of halal toyyibban is inclusive, not exclusive.
- Let say you are a non-Muslim. Would you want to consume products that are good for your health and produced in a safe and hygienic manner? Then products that are certified halal would be the right kind of food for you because halal certification is very strict. If there are concerns about the safety of cleanliness of the product, the halal logo won't be there.
- So if you are a non-Muslim, don't think of halal is a religious stamp but as a qualify assurance benchmark. It will assure you that the product is wholesome and produced in good way.
- In Malaysia the authorities are very stringent when it comes to halal-certification. They are very thorough and as a result, we are now a world leader when it comes to this matter. More so than in Arab world

Sometime those from Middle East find it funny that our mineral bottles also carry halal logo. “Why do you need that?” they ask. “Everybody knows that water is halal.” True water is halal but don't forget the toyyibban aspect. What if

the factory that produces it is not hygienic or if some additives or chemicals that may harmful are added to it? The halal logo means that the producer of that mineral water has had his company inspect and it's gone through the thorough accreditation process.

It also because of the *toyyibban* aspect that sometimes some Muslims restaurants do not qualify for halal certification. The food might be made with halal products but if the premises are unclean or the food is prepared under less than hygienic conditions, it is not halal *toyyibban*. It will not get the halal logo.

But back to my earlier point about the misconception that to run a halal business, you have to be Muslim. As long as the business complies with the halal certification. It doesn't matter what religion the business owner professes as there is no requirement that halal food has to come from Muslims.

HDC has assured me that there is absolutely nothing wrong with doing halal business as it is not a religious matter but a business matter especially if you view halal a benchmark for quality and wholesomeness.

"I've come across conservative group who are very critical of the fact that at HDC, we help all businesses who are in halal line. They say we should only support those who are Muslim."

HDC added: "Such people obviously don't realise that the bulk of our halal meat comes from India, a Hindu country, and Australia, a Christian country. The bulk of halal process food comes from Thailand, a Buddhist country."

There are 57 Country in the organization of the Islamic conference. Not one is big player in the halal food industry. So, if you want to be hard-core about only supporting Muslim suppliers, how are you going to get enough food to feed the nation?"

HDC told me sometimes that they ends up in bug debates with narrow-minded people who don't realise that there is nothing in Islam that says you must only buy from Muslim suppliers. Prophet Muhammad says you can do business with Jews!" He says. "Business is business. As long as the product is manufacturer in compliance with halal requirement its fine."

HDC says they don't mind arguing with people who are ignorant as they feel it is their duty to spread awareness of extremist the essence of halal is all about." Over time, they hope extremist views misconceptions about halal will disappear," HDC says.

### **Marketing Halal**

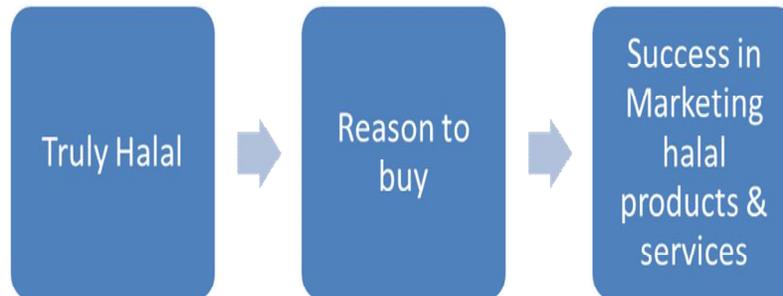
A very natural and fundamental question people who are not familiar with halal business would ask is: "Is there any difference way a halal product is marketed compared to non-halal product?"

The answer is yes and no in my opinion.

Yes is that halal products need to be explicitly branded as being halal and extra care must be taken to ensure the integrity of that notion. It is crucial that you are able to reassure Muslim consumers that your product or service truly halal-compliant. But no, in that at the end of the day, marketing is marketing, whether you are marketing foods or cosmetics or a service; whether those things are halal or not halal, the fundamental principles of marketing apply. You need to give people a reason to buy, which can either be that you solve their pain or fulfil their wants/needs

irst and foremost, you must be sincere in ensuring that your products are indeed halal, not just technically so

according to the letter of the law, so to speak, but also spirit of the law.



But realise that being halal alone is not enough of a value proposition, being halal qualifies you to sell to Muslims. It doesn't necessarily make your product attractive to them. In order for them to be attracted to your product, it must solve their pain or fulfil their wants/needs, which is true of any form of marketing.

In this chapter, I will focus on the first part, the credibility issue because this is where I can give some value-added input. The second part, about solving pain and fulfilling needs/wants is basic marketing stuff that you can find in any marketing book. So, I won't elaborate on it

### **Achieving Credibility**

Credibility assurance comes from three sources: the product itself, the producer and the certification body. A good marketing approach is to incorporate all these three items into credibility marketing mix that would resonate with our target customers.

When developing a halal product, it's important to listen to your Muslim staff as well as Muslim focus groups, to learn about their concerns and making sure these are addressed. You also have to seek the opinions of non-Muslims because you want to sell to them as well.

All your raw materials should be sourced from credible halal-certified suppliers. They should be able to produce certification documents. Otherwise, do not buy from them. Although it's not required that all your staff must be Muslims, you must have key Muslims operators on production floor. This is part of the Halal requirement for halal-compliance as stipulated by JAKIM, and Halal certification agencies.

Packaging should clearly show the halal logo, which comes from JAKIM, arguably the most credible halal-certification body in the world.

The design need not be overly Muslim-oriented. Not only might this not appeal to non-Muslims, it might also be a turn-off to Muslims. Remember, they buy your product not just because there is a strong reason for them to buy it.

So there is no need to make it look overly like a Muslim product. For example, the colours you use need not necessarily be green (the colour normally associated with Muslims). You can use any attractive, appealing colours.

Having a halal logo displayed prominently in the packaging (in term of size and placement) is good enough if your product has won any halal awards, do indicate so on the packaging. This helps with credibility.

Some people are of the opinion that because a product is halal (which means it cost more to produce because of the stringent requirement), they should charge a premium for it. This might work in a country where halal food is hard to come by, in which case the fact that it is halal alone is a value proposition for the Muslim.

However in the country like Malaysia, where halal products are abundant, you cannot charge a higher price for your product just because it's halal. As I said before, halal is not a value proposition per se. It merely allows you to compete for a Muslim customers.

If you don't charge a premium, it necessarily means you have to absorb the extra costs involved in ensuring halal-compliance. This however, is more than offset by the bigger market you are able to sell to. If your product is non-halal, you can at most sell to 40 per cent of the Malaysian market. If it's halal, you have access to 100 per cent of the market.

Having a memorable tagline is useful. One of the best I've seen is "Guna tanpa was-was" (use without any worries), which was used by Zaitun, a Muslim cosmetic brand several years ago. It's simple, easy to understand and gets straight to the point that this is a product that is halal-compliant

Going for award is a good thing as it's a kind of third-party endorsement. Imagine what it does for your credibility as a halal compliant product.

When you are promoting your product to a Muslim customer base ( Say, in a location where an overwhelming majority of potential customers is Muslim), it makes sense to have Muslim promoter, and if your outlet is in heavily Muslim location, it's logical for the crew to be largely Muslim too.

However, don't forget the *toyyibban* aspect which is applicable to both Muslims and non-Muslims alike. If something is wholesome, safe and clean, it will appeal to everyone.

The company spokesman should be media-savvy and appear regularly in the news if possible. In the case of AYS, the brand ambassador is me, the CEO of the company. I've given extensive interviews in the media.

I've noticed that some non-Muslim halal business owners would shy away from media spotlight. They don't want to be publicised for the fact that are not Muslim and that their product may be rejected by Muslims.

But if your product is halal-certified by Halal certification bodies such as JAKIM, what do you have to be concerned about? The JAKIM seal of approval is a gold standard that gives comfort and assurances to all Muslims that your product is absolutely halal-compliant.

In line with current media trends, we should leverage on variety of online platforms to market our brands. Social media, in particular Facebook, is very important as this is the platform where many young people hang out online. So, it's a good way to reach out to them.

In AYS we take media seriously and we recently won the Online Business Awards at the Southeast Asia SME Award 2011 organised by Naseba, a Frenched based company that produces B2B initiatives to facilitate business in emerging markets.

When using media, though, it's important not to do any hard selling. That would turn people off. Instead, keep it informative. Share things about your product that you think people would like to know. Also make it a point to engage bloggers and get them to try and review your products. Endorsements by "citizen journalists" go a long way online.

Don't forget to have a website though social media is the in-thing and you must have a social media presence.

A website can also be the platform that you are most active on in terms of postings. But it's still important to have a corporate website which is permanent place where people can go to for information about your company (rather than the latest news per se).

I believe it's not enough for manufacturer to be halal-compliant but also to be seen to be halal-compliant. For example, although it's possible to have a plan that is clearly segregated between halal and non-halal, its much better to have a dedicated plan to avoid any possibility of “contamination”. It is always better to have a 100 per cent halal plant and is not involved in the production of any non-Muslim products. Perception is very important and we simply do not want anyone to have any concerns about how halal-compliant we are.

### Halal New Economy

*Halal* trade is currently less than 10% of global trade. What that means is that there are many Muslims worldwide who still do not have access to *halal* products.

There are about 8 million Muslims in the United States. And guess what, they are the biggest consumer of kosher food (which conforms to the regulations of the Jewish law). Although kosher food is not exactly the same as *halal*, it is close enough that Muslims there have to make do with it precisely because *halal* food is hard to come by.

Halal Industry Development Corporation actually did a survey about the availability of *halal* vs kosher food. For everyone *halal* product in the market, there are 86 kosher products. There is simply not enough supply of *halal* food. This presents a big opportunity for businessmen. *Halal* is big business-or at least has the potential to be.

Many people are ignorant about *halal*. They knew the basic stuff about what to avoid consuming-pork, alcohol, etc – but that was it. It was very superficial knowledge,“

“One needs to take the responsibility seriously and set out to learn as much as possible about the true concept of *halal*. When people learned about *Toyyibban* (wholesomeness), that's when they realised an important component was missing when people talk about *halal*. And that is why I always emphasise *halal toyyibban*. Both must go together,“.

It is especially important to educate both Muslim and non-Muslim consumers about the concept of “*halal toyyiban*” which relates to the safety, nutritional content and aesthetic appeal of *halal* products.

Halal needs to be rebranded. It's not just a religious thing and it's not just meant for Muslims. It's a symbol of quality. Today, *halal* products and services are fast gaining worldwide recognition as a new benchmark for safety and quality assurance. *Halal* has the potential to become a standard associated not only with product quality, but also with international best practices throughout the entire supply chains.

In Malaysia the 9<sup>th</sup> Malaysia Plan ( RMK9 ) and third Industrial Malaysia Plan ( IMP3 ) have identified the *halal* industry as the new growth area which will significantly contribute towards the country's economic development. The estimated global *halal* trade exceeds US\$2.3 trillion and this emerging global market offers vast opportunities for Malaysian *halal* producers and service providers. So, there is a lot of potential. But the *halal* business, as it stands today, is still at its infancy. That's why I often say doing *halal* business means you are participating in a new economic activity.

### **The Global Muslim Market**

There is not much research on the global *halal* market but what there is indicates a potentially lucrative market. In October 2009, the Pew Research Centre's Forum on Religion & Public Life release A Report on the Size and Distribution of the World's Muslim Population, which offers the most up-to-date and fully sourced estimates of the size and distribution of the worldwide Muslim population, including sectarian identity.

The report, a comprehensive demographic study of more than 200 countries, found that there were 1.57 billion Muslims of all age living in the world, representing 23 per cent of an estimated 2009 world population of 6.8 billion.

While Muslims are found on all five inhabited continents, more than 60 per cent of the global Muslim population is in Asia and about 20 per cent in Middle East and North Africa.

However, the Middle East- North Africa region has the highest percentage of Muslim-majority countries. Indeed, more than half of the 20 countries and territories in that region have populations that are approximately 95 per cent Muslim or greater.

More than 300 million Muslim, or one-fifth of the world's Muslim's populations, live in countries where Islam is not majority religion. These minority Muslim populations are often quite large. India, for example, has the third-largest population of Muslims worldwide. China has more Muslim than Syria, while Russia is home to more Muslims than Jordan and Libya combined.

### **The Future of the Global Muslim Population**

In January 2011, Pew Research Centre's Forum on Religion & Public Life release population projections for the World's Muslim populations for the world's Muslim population, which it expects will increase by about 35 per cent in the next 20 years, rising from 1.6 billion in 2010 to 2.2 billion by 2030.

Globally, the Muslim population is forecast to grow at about twice the rate of the non-Muslim population over the next two decades—an average annual growth rate of 1.5 per cent for Muslims, compared with 0.7 per cent for non-Muslims. If current trends continue, Muslims will make up 26.4 per cent of the world's total projected population of 8.3 billion in 2030, up from 23.4 per cent of the estimated 2010 world population of 6.9 billion.

The report says that if current trends continue, 79 countries will have a million or more Muslim inhabitants in 2030, up from 72 countries today. A majority of the world's Muslim (about 60 per cent) will continue to live in Asia-Pacific region, while about 20 per cent will live in the Middle East and North Africa, as is the case today.

Pakistan is expected to surpass Indonesia as the country with the single largest Muslim population. The portion of world's Muslim living in Sub-Saharan Africa is projected to rise; in 20 years, for example, more Muslims are likely to live in Nigeria than in Egypt. Muslims will remain relatively small minorities in Europe and the Americas, but they are expected to constitute a growing share of the total population in these regions.

In the United States, for example, the population projections show the number of Muslims more than doubling over the next two decades, rising from 2.6 million in 2010 to 6.2 million in 2030, in large part because of immigration and higher-than-average fertility among Muslim.

The Muslim share of the U.S population (adults and children) is projected to grow from 0.8 per cent in 2010 to 1.7

per cent in 2030, making Muslims roughly as number as Jews or Episcopalians are in the United States today.

Although several European countries will have substantial higher percentages of Muslims, the United States project to have a larger number of Muslims by 2030 than any European country other than Russia and France.

In Europe as a whole, the Muslim share of the population expected to grow by nearly one-third over the next 20 years rising from six percent of the region’s inhabitants in 2010 to eight per cent in 2030. In absolute numbers, Europe’s Muslim population is projected to grow from 44.1 million in 2010 to 58.2 million in 2030.

The greatest increases-driven primarily by continued migration-are likely to occur in Western and Northern Europe, where Muslims will be approaching double-digit percentages of the population in several countries.

In the United Kingdom for example, Muslims are expected to account for 8.2 per cent of the population in 2030, up from an estimated 4.6 per cent today. In Austria, Muslims are projected to reach 9.3 per cent of the population in 2030, up from 5.7 per cent today; in Sweden, 9.9 per cent (up from 4.9 per cent today); in Belgium, 10.2 per cent (up from six per cent today); and in France, 10.3 per cent (up from 7.5 per cent today).

Several factors account for the faster projected growth among Muslims than non-Muslims worldwide. Generally, Muslim populations tend to have higher fertility rates (more children per women) than non-Muslim populations. In addition, a larger share of the Muslim population is in, or soon will enter, the prime reproductive years (age 15-29).

Also, improved health and economic conditions in Muslim-majority countries have led to greater-than-average declines in infant and child mortality rates, and life expectancy is rising even faster in Muslim-majority countries than in other less-developed countries.

### **Global Halal Food Market**

Although halal business is more than just food- there are other aspects like cosmetics, Islamic banking halal logistic, etc-it is true that Muslims typically are very concerned about food when it comes to what permissible and what not. The fact is, about 67 per cent of the halal industry involved food.

Because the halal food industry is still young one, there is not much information about it, especially at a global level. The Canadian government, in May 2011 came out with a fairly comprehensive report on the global halal food market.

The report says that several regions with large Muslim populations, including Asia-Pacific, the Middle East and North Africa, have experienced busier lifestyle and increased incomes. And with more income to dispose of and less time to do so, there has been widespread demand for convenience products that still conform to Islamic dietary laws.

As a result, ready-to-eat meals solutions have become increasingly popular, and present a growing market for halal food exporters. The report also notes that the countries have also been influenced by the global health and wellness trend, which has sparked demanded for halal health product. Some companies have already begun offering premium beef, turkey and chicken products that are low-fat, free of lactose, MSG, soya and gluten.

The report highlights food-related gateways to the halal market as including

- Production and processing

- Supplying hotels, restaurant and institutions
- Retailing
- Providing inputs to the processing sectors
- Private label production

According to the report, the halal food market has grown rapidly over the past decade, and now represents close to 17 per cent of the entire global food industry. The large population of Muslims adhering to halal requirements has fuelled increased global demand for halal products.

The report notes that the globally halal food market was not significantly affected by the global financial recession. Halal food market sizes for 2010 were larger than originally projected, with the total halal market valued at US\$ 661 billion. This marked a 4.2 per cent increase from the 2009 value. The global halal food market has grown substantially since 2004, seeing a 12.6 per cent increase between 2004 and 2010.

Major growth in Asia has been driven by changing lifestyles that allow for higher incomes. The largest contributors to the *halal* market in Asia are Indonesia, China, India, Malaysia and the Gulf Cooperation Council (GCC) members, including the United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait. These countries have all seen substantial growth in the *halal* food industry that is unlikely to be curbed in the near future.

Also growing in countries that have smaller populations of Muslims, but that have food quality and safety concerns, such as Australia, the United States and European countries.

Key *halal* markets include Indonesia, United Arab Emirates, Algeria, Saudi Arabia, Iraq, Morocco, Iran, Malaysia, Egypt, Turkey, Tunisia, Kuwait, Jordan, Lebanon, Yemen, Qatar, Bahrain, Syria, Oman and Pakistan.

Emerging *halal* markets with relatively large Muslim populations include India (177 million Muslims), China (23 million), Russia (16 million), the Philippines (five million), France (five million), Germany (four million) and the United Kingdom (three million).

Despite the Middle East housing the largest number of Muslim countries, it is the Asia-Pacific region where the largest populations of Muslims are concentrated. The Asia-Pacific region is home to more than one billion Muslims. The four largest countries in terms of Muslim population reside on the Asian continent, including Indonesia, Pakistan, India and Bangladesh, and accounted for 709 million Muslims in 2010. As an emerging region, many Asian nations are seeing rising per capita incomes. However, total food consumption is still lower than many areas of the world, posing challenges for food exporters to the region.

Despite this, the Asia-Pacific region continues to sustain high growth rates through the global financial recession. As a result, consumers in this region are more willing to buy goods. Exporters would find a lucrative *halal* market in Asian countries, not only because of increased purchasing power, but also resulting from more affluent consumers becoming more concerned about the humane treatment of animals. As this is one requirement of *halal* food and products, affluent consumers that not necessarily Muslim present a new consumer base for *halal* products. Higher incomes also bring about demand for more diversified products, opening up a new and growing market for *halal* exporters.

Other high potential markets for *halal* food products are centered in the Middle East and North Africa. Not only

are these regions import- depend for food, but consumers are predominantly Muslim with rising per capita incomes, which provides a lucrative market for halal food. The region also has a large tourism industry, especially in Countries such as Egypt, Morocco and Dubai, which provides increased demand for *halal* food products. The region has total population of close to 400 million, the majority of which is Muslim.

Several Middle Eastern countries, namely member of the Gulf Cooperation Council (GCC), have higher incomes and consequently higher per capita rates on consumption. The majority of countries in the region are classified as middle-income, with several countries, such as United Arab Emirates, Saudi Arabia, Qatar, Oman and Kuwait, Classified as high-income. As such, there is a high concentration of wealth in the area and in recent years, there has also been rapid infrastructure growth facilitating trade.

United Arab Emirates and Saudi Arabia are two important markets in this region; both countries have high incomes and per capita rates of consumption. Turkey, although secular, is a growing market for *halal* and potential supplier of *halal* products to the European Union (Germany, France and Russia’s large Muslim population).

North Africa is also an important market for *halal* food products, as the region import the majority of it food. This region has seen rising per capita incomes and higher levels of education, which have both contributed to demand for more diversified products. Egypt is the largest *halal* market in North Africa with more than 70 million Muslims.

There is also strong potential for *halal*-certified products in non-majority Muslim markets, where consumers are looking for safe and ethical products. The increasing popularity of the *halal* market in Europe is driven by Russia, France and the United Kingdom. The *halal* market in these countries has continued growing since 2004, albeit at a slower pace than Asian markets. A major opportunity can be found in Australia/Oceania region, where the *halal* food market saw growth of 33.3 per cent between 2009 and 2010.

The most promising *halal* markets span over a ranged of different countries. As the largest population of Muslim are located in the Asia-Pacific region, both majority and non-majority Muslim countries in this region would have high demand for *halal* products.

However, markets in North Africa and the Middle East are particularly lucrative, as several countries have majority-Muslim populations. The *halal* food industries

Muslim’s make up 29.6 per cent of the population in Sub-Saharan Africa, with Nigeria ranking as the largest consumer base, as it has the largest population in the region. Several countries in this region, including Niger, Burkina Faso, Mali, Senegal, Somalia and Guinea, are classified as Muslim-majority countries.

The region generally has low purchasing power, as incomes are low. However, sub-Saharan Africa is expected and important market for halal products. Despite low income, countries in which the majority of the population is Muslim will continue to demand halal food stuffs

The European Union (EU) is a lucrative market for *halal* exports. High per capita incomes and growing Muslim population will likely increase demand for *halal* products. This more affluent consumer market is becoming more concerned about food safety and quality. Both Muslim and non-Muslim European consumers are presenting new demands for safer food.

This consumer base is also increasingly concerned about the humane treatment of animals, which is one of the requirements of *halal* prepared food. The perceptions that *halal* products are safer and more ethical have caused increase demand for these products in the European.

Russia possesses the largest Muslim population in Europe, presenting opportunities for *halal* food exporters. France is another key *halal* market in Europe, with the second largest population of Muslims.

The Muslim population of West Europe (France, Germany and the Netherlands) is expected to increase, resulting in further demand. The Port of Rotterdam in the Netherlands is a key *halal* entry port into the EU, as it dedicates a warehouse for *halal* products to ensure they do not come into contact with alcohol or pork. Germany and the United Kingdom also have major potential as *halal* markets given their significant purchasing power.

There are also substantial Muslim communities in Eastern Europe, specifically Albania (82 per cent Muslim), Bosnia-Herzegovina (41 per cent), Kosovo (92 per cent), Macedonia (35 per cent), and Russia (12 per cent). Several European companies, including Tahira Food (UK), Mecca Foods (Germany), Isla (France) and Halaland (France) are major *halal* food exporters and producers.

Muslims account for 0.6 Per cent of the population of the Americas, numbering 5.3 Million. The Muslim Population in Canada and United states is expected to grow, presenting new opportunities in the halal food markets of North America. The largest Muslim population in South America resides in Argentina, numbering one million.

The population of Muslims in the Americas is small compare to that of the Middle East: so many Muslims do not have convenient access to *halal* foods. As such, this market shows strong potential for growth, as Muslim consumers in the Americas continue to demand *halal* products.

### **Back To Basics**

Whatever business you go into, and whatever great plans you may have for it, it's important to get your fundamentals right. And the fundamentals have to do with solving your customer's pain or fulfilling the customer's needs. Remember, being *halal* is necessary to reach out to the broadest market possible but it is not a sufficient condition for success.

Although this article is about marketing, I do think it is important I highlight some business fundamentals that all will be nothing for you to market.

In business, luck is undoubtedly an important component. Yes, luck can be a result of pure chance. But as they say, chance favours the prepared mind. Although you can't exactly manufacture luck, you can create conducive conditions for your luck to happen to you.

Over the years I have been applying this principle, over and over again and it has never failed me.

Luck aside, the formula for success in business to me is = Strong Fundamentals + Pillars of Success + Managing Downsides + Going Global

### **1. Strong Fundamentals**

Passion is not sufficient at all to build a sustainable *halal* business. Having a dream is also not enough. We need the following fundamentals to make it happen:

We need sound execution, and the ability to make things happen. To achieve this, we need a clear vision for the company, a strong leadership (different styles in various phases of company growth) and a winning team (commitment, initiative, and attitude).

## 2. Critical Success Factors

This cluster is critical to building the sustainability of our business, for us to be able to market *halal* products and to create wealth for the company and for the country, in the long term.

### Intellectual Property

This is our brand. It’s an expensive exercise to trademark our brand but it’s necessary.

### Marketing Mix

Product, Price, Promotion and Place

As explained in length in the chapter “Marketing *Halal*”, we need to formulate a clear marketing plan and strategy. But start with the important questions:

- What pain do we want to solve for our targeted customers?
- What needs do we want to fulfil for our customers?
- New product development and launching – companies in the fast –moving consumer goods industry (FMCG ) will need to have ready at all times 15% of their product line to be able to rejuvenate their business and generate future growth.

### Operating Systems

All companies must establish standard operating systems so as not to be too dependent on one or two staff members. Compliance is key.

### Communications

Entrepreneurs must share with their team the future of the company and where the brand will be in 5 to 10 years’ time. This vision must be clear and vivid to create positive energy for the team. Not something vague and fuzzy.

### Cash Flow Management

Is arguably the most important success factor of all. You may do an excellent job on all the other things mentioned above, but you will fail if you do not have the cash flow to keep things going.

## 3. Managing Downsides

If we were to lose sight of the following, it would be a recipe for disaster for the company: Gross margin, reduction in cost of goods and overheads.

A business must be able to generate good gross margin, as the source of income after paying off all direct costs related to the components of our products and services. A typical gross margin for s personal care Products Company

would be 60% of sales. Gross margin can be obtained, or improved through cutting the cost of goods and overheads or by increasing the selling price.

It's difficult to cut cost and overheads. It's useful to get your team involved in this process. Ask them to identify and to have ownership in the cost-cutting initiative. Don't just do it unilaterally. All initiative must be recorded and reviewed on a regular basis to monitor progress and to identify the next course of action.

#### **4. Going Global**

There are two main reasons to go global. First is to expand market coverage and second is to achieve economies of scale. So, it's imperative upon entrepreneurs to find ways to duplicate our business model overseas, in order to sell products there.

When you have an overseas market, you are selling products even while you are sleeping (because of different time zone). Isn't that great?

In the case of *halal* business, it's important to evaluate the *halal* standards in those markets we want to go into. That said, if you have a *halal* certificate from JAKIM, it should be good enough for anywhere, for Malaysia's *halal* standards are amongst highest in the world.

#### **About The Author**

R J Liow is the Founder & CEO of AYS. He holds a Master of Science Degree (MSc) in International Marketing from the UK, and he is a recipient of a number of prestigious awards such as "Industry Excellence Awards: Halal Product 2010" from MITI, "Best Halal Products 2009" from World Halal Forum and "Asia's Thought Leader Award: Manufacturing 2012" from Naseba, Europe.

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