

What Do We Know about the “Third One-Billion Market”?: A Closer Look at Muslim Consumers and *Halal* Phenomenon

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Abstract

The term “third one-billion” market refers to an estimated of 1.8 billion Muslim consumers worldwide. In recent years, there is a strong interest of this market due to the rise of Muslim middle class group and increasing demand for *halal* products and services within the Muslim geographies and beyond. This paper offers a balanced approach to identify, understand and respond to Muslim consumers and *halal* phenomenon. Islamic faith is central to Muslim life, thus, to understand Muslims as individuals and consumers require understanding and appreciating Islam. Discussion of this paper include various interpretations of ‘what is Islamic’; it focuses on *halal* phenomenon as one of the hot topics concerning Islamic marketing and branding, in theory and practice. This paper is written with academics and businesses in mind. It provides theoretical implications for further research to consider Islamic frame-of-reference and marketing perspective from Muslim consumers’ cultural lens. It also offers practical implications for Japanese companies or brands that target Muslim consumers or offer *halal* products. This paper concludes with suggestions for future research within the area of Islamic marketing and Muslim consumer behavior.

Keywords: Muslim consumer, Islam, Islamic consumer segment, *halal*,
Islamic marketing and branding, Japan

I Introduction

Since the first American Muslim Consumer Conference (AMCC) in 2009 and the Inaugural Oxford Global Islamic Branding and Marketing Forum in 2010, there is strong interest on Islamic markets or Muslim consumers. While AMCC mainly focuses on addressing American Muslim consumer market, the Oxford forum is considered the first of its kind to bring industry and thought leaders, business pioneers and entrepreneurs to a focused topic of Islamic branding

and marketing. The term “Islamic marketing” is rather new and reflective of the initiatives (such as those by AMCC and the Oxford forum) and continuous efforts by researchers and businesses to better understand Muslim consumers. The global *halal* phenomenon further accelerates the interest of Islamic markets as evidenced by the increasing demand of *halal* (or permissible) products/services and various *halal* conferences and trade shows around the world. In 2010, the first international conference on Islamic Marketing and Branding was held in Kuala Lumpur. This is followed by the initiation of Emerald’s *Journal of Islamic Marketing* (JIMA), the first journal dedicated to research on Islam, marketing and consumption.

To date, the *Global Islamic Marketing Conference* (GIMAC) which began in 2011 is held annually and gathers interested researchers and practitioners from various parts of the world to discuss issues relevant to Islamic marketing and Muslim consumers. The growing interest on Islamic marketing and Muslim consumers are also evidenced by the publications of *Handbook of Islamic Marketing* (Sandikci and Rice, 2011); *The Principles of Islamic Marketing* (Alserhan, 2011); *Islamic Branding and Marketing* (Temporal, 2011); *Islam, Marketing and Consumption* (Sandikci and Jafari, 2016); *Brand Islam* (Shirazi, 2016), to name a few. To serve as another research platform for the studies on Islamic marketing and Islamic markets, *International Journal of Islamic Marketing and Branding* was launched in 2015. Notably, as mentioned in Sandikci and Jafari (2013), studies that address different aspects of Islam-consumption-marketing linkage also appeared in various journals such as *Journal of Consumer Research*, *Marketing Theory*, *Journal of the Academy of Marketing Science*, *Journal of Business Research* and *Journal of Consumer Behavior*.

The term ‘Islam’ or ‘Islamic’ is often in the spotlight for the right and wrong reasons particularly, since 9/11. To some extent, it caused some unease or skeptical view when either term is bracketing to a subject or topic. When I first heard of the term ‘Islamic marketing’ at the 2011 Academy of Marketing Conference in Liverpool, I was curious and unconvinced about the connection of Islam and marketing. Thus, over the last five years, I began to look into relevant literature on Islamic marketing whilst (re)discovering various interpretations of Islam and how it shapes Muslim’s beliefs and ‘way of life’. To develop a holistic view on Islamic marketing and gather firsthand information on the growing interest and progress of its discussions, in 2015, I participated in the 6th Global Islamic Marketing Conference in Istanbul. The main goal of my participation was to learn more about the concept of Islamic marketing, why (and how) it came into existence and how likely it will evolve. Most of the issues discussed at the conference focused mostly on Muslim consumers, *halal* products or services, Islamic branding, Islamic

fashions and so forth; the conceptualizations of Islamic marketing were mostly left untouched. As noted by one of the leading scholars in this field and the current editor of *JIMA*, Jonathan A. J. Wilson, Islamic marketing debates are less than a decade old, and there is still a lot remaining to be discovered (see Wilson, 2012).

Existing research within Islamic marketing domain include two major streams: The first stream includes research that focuses on the connections between Islam and marketing, from the religious/spirituality lens. The second stream is the research that respond to the growing interest of the ‘third one-billion market’ from the cultural lens, and cover issues such as Muslims consumption behavior within specific contexts, their requirements or consumptions of *halal* products and services, Islamic brands, Islamic fashions and more (e. g. see Wilson and Liu, 2011; Temporal, 2011; El-Bassiouny, 2014, Wilson, 2014; Tieman, 2015, among others). The term “third one-billion” market is asserted by Miles Young, the CEO of Ogilvy & Mather Worldwide in his keynote address at the 2010’s Oxford Forum, referring to an estimated of 1.8 billion Muslim consumers worldwide. He contends that this market receives lack of attention from the business leaders and researchers despite being more sizeable than India or China, and one of the fastest growing consumer markets in the world.

In view of the strong interest on the Islamic markets, one can rightly ask: Muslims have engaged in business trade and consumption of products for more than 1,400 years, so why the ‘sudden’ interest? What are the forces that prompted the recent and strong interest on Islamic markets or Muslim consumers? A closer look at relevant literature suggests that underlying this increasing interest is the identification of Muslims as untapped and viable market segment (see Sandikci and Ger, 2011). Sandikci (2011) argues that the marginalization of Muslims as low-income and uneducated people is part of the omission phase or the dearth of interest on Muslims as consumers. In this respect, Muslims were similar to the poor or what Prahalad (2004) labeled the “bottom-of-the-pyramid”; as they were not worthy of attention economically, they remained unknown scholarly.

Today, despite a significant portion of the Islamic world is characterized as underdevelopment, socioeconomic inequality, low literacy rate and poverty, business interests that were exclusively focused on the wealthy consumers in the UAE and Arabian Gulf state are now also directed at the rise of middle class in other Islamic markets. The rise of the middle class (and purchasing power) of a significant portion of Muslim consumers presents substantial economic and business opportunities that are hard to ignore. *Halal* phenomenon stimulates the rising demand for *halal* products and increasing number of Muslim entrepreneurs in various parts of the

world. The visibility of Muslims as consumers can also be linked to the increasing number of the young, educated, savvy and rather affluent Muslims who are considered as a viable market segment. Izberk-Bilgin and Nakata (2016) argue that the young Muslims are correspondingly ambitious, cosmopolitan and willing to participate in the consumer culture; they represent 43% of the global Muslim populations and 11% of the world's and stretching from the streets of major cities such as in Paris, London, New York, Istanbul, Dubai, Jakarta, Kuala Lumpur and more.

Another factor to account for is the acceleration of 'Islamization' force in social and political landscape of the Muslim world. This force includes the emergence of social Islamic movements which were initially rather homogenous and static collectivities motivated by resistance to Western-style modernization (Esposito, 1998). However, the new Islamist movements promote particular values based on their interpretations of Islam and seek for a change to Islamic law or *shariah* to be implemented in Muslim societies (Bayat, 2005). As such, these movements mobilize various resources such as political parties, religious organizations, NGOs, schools and social networks to create "shared meanings" for the global Muslim community or *ummah* (Wiktorowicz, 2004; Bayat 2005). In other words, these forces attempt to create a homogenous *ummah* who are *shariah*-compliant in every aspect of lives. This attempt overlooked the fact that how Islam is interpreted, lived and experienced varies across places and times. Thus, the concept and implementation of *shariah* in Muslim countries is complex and remain debatable in contemporary society where Muslims continue to (re)discover Islam in its true spirits and to make sense of their belief, identity and place in the world.

Islamic economic, Islamic finance and now, the emerging field of Islamic marketing faces the challenge of 'balancing act' that reflect Islamic frame-of-reference and market realities. In other words, research within Islamic marketing such as analysis of Muslim consumers and their consumption behavior should balance between Islamic studies and marketing; orthodoxy and heterodoxy interpretations of 'what is Islamic' based on revelation and reason. This paper offers a balanced approach and explores why and how Islamic marketing and the studies of Muslim consumers, particularly *halal* consumption came into existence from a fresh sight. Islamic faith is central to Muslim lives. However, conceptualization of "Islam" and "Islamic societies" is problematic i. e. how Islam is interpreted and practiced varies across individuals and Islamic communities in different times and places. From marketing perspective, similar to other market segments, Muslim consumers and their behaviors are also influenced by factors internal to each individual such as motivation, attitude and lifestyle as well as advertising and other marketing communication activities.

The followings serve as guiding questions of this paper. First, are Muslim consumers consisting of a homogeneous pre-existing market or various distinctive segments? Second, is *halal* consumption merely a fad or it can be linked to Muslim consumers’ identities and behaviors? Third, what are the opportunities and challenges in targeting Muslim consumers and/or engaging with *halal* phenomenon? These questions are relevant for a fresh and balanced perspective on the recent and strong interest of Islamic markets/Muslim consumers and increasing demand for *halal* products and services in Japan and elsewhere. The remaining sections of this paper are structured as follows. The second section provides a closer look at Muslim consumers and some aspects of their homogeneity and heterogeneity. It also includes discussion of various interpretations of Islam and segmentation efforts with regards to Muslim consumers across national boundaries. This is followed by discussions of *halal* phenomenon as one of the hot topics concerning Islamic marketing or Muslim consumers. The fourth section offer lessons and practical implications for Japanese companies or brands that intend to target Muslim consumers and/or to offer *halal* products and services. Finally, this paper concludes with suggestions for further research.

II A closer look at Muslim consumers: Homogenous or heterogeneous?

In a book entitled *One Islam, many Muslim worlds*, Baker (2015) discusses the spirituality, identity and Muslim resistance across the Islamic world, particularly, in the Middle East. There is indeed one Islam, many Muslims and at times, there seems to be various ‘versions’ of Islam due to various interpretations of what Islam is, both within the Islamic world and beyond. In this respect, the conception of “Islam”, “Islamic societies” as well as “what is Islamic” is problematic. The literal meaning of Islam (an Arabic word) is ‘submission to the creator (God)’ or ‘peace’. To many people, Islam is simply the religion of Muslims. However, Islamic conception of “religion” goes beyond theology or spirituality; it covers the aspects of all human existences, not only of individual’s relation with God. In other words, Islam is a *deen* or “way of life” for its adherents. According to Hashim (1964) and Mirakhor and Askari, (2010); Askari and Mohammadkhan (2016), Islam is a science which deals with a person—the individual as well as social collective human being; it is not merely a dogma, ritual or theology, and it covers customs, habits, religion, ideology, cosmology, conduct and institutional rules. A philosophy of Islam as a *deen* is both evolutionary and revolutionary (Wilson, 2012); it requires reflexivity, critical examination and (re)discovery. Critical analysis of Islam and its principles is beyond

the scope of this paper, for details, please see Hashim, 1964; Rahman, 1982, 2009; Asad, 2008, 2016; Mirakhor and Askari, 2010; Iqbal, 2012; Sardar, 2006, 2007, 2011, to name a few.

To some extent, majority of Muslims across the world share some commonalities such as Islamic faith, and the practices of Islamic pillars such as daily prayer, observance of fasting month or *ramadhan*, annual tax for the poor and once in a life-time pilgrimage. Differences among Muslims, however, are more complex and multi-layered. These differences are attributed to specific cultural (or national) factors and various interpretations and understandings of the Qur'an and the *sunnah* prescribed by different school of thoughts, religious authorities and clerics. At first thought, one can argue that diverse interpretations of Islam and/or Muslims understandings and adherence to their faith may not be relevant to marketing and consumptions; however, recognizing the diversity is necessary to better understand Muslim consumers and develop an improved view of Islam in its true spirit. This is also useful if one seeks to grasp the meaning of "one Islam, many Muslims" notion even within a specific Muslim country or society. Furthermore, deeper understanding of Muslim consumers and its various segments are crucial if companies are contemplating to penetrate the Muslim markets and/or to design specific products or services to certain segment of Muslim consumers. From cultural and marketing perspective, unlike China and India, understanding of the "third-billion market" of Muslim consumers is more complex as Islamic markets stretch across Muslim majority and minority countries.

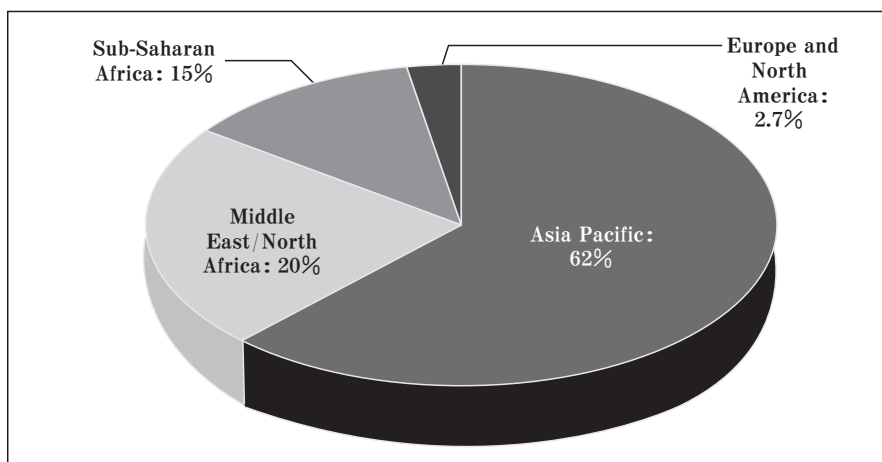
Muslims believe that the Qur'an is the Word of God and the primary source of knowledge on Islam. The original Qur'an is in Arabic. As the majorities of Muslims do not speak and understand Arabic, many people rely on the translations of the Qur'an in their native language and/or interpretations of religious scholars/authorities. In many part of the Islamic world, individual interpretations, open debates and questions about Islam and its rules are discouraged and in some cases, are even prohibited. As many Muslims rely (or are being told to rely) on the interpretations from religious authorities and clerics, it is important to note that while the Qur'an is divine; human interpretations are not. In this respect, it is crucial to reflect on Iqbal's three stages of spiritual life. Briefly, the first stage is "faith" or total submission; next stage is "thought" or rational understanding; the last stage is "discovery" i. e. religious beliefs become a matter of personal assimilation in daily life. At this stage, a person achieve a free personality, not by being lawless but by discovering the ultimate source of the law within the depths of one's own consciousness' (for details, see Iqbal, 2012, p. 143-156). The discouraging environment in many parts of the Muslim world and/or individual's own lack of interest to pursue Is-

Islamic knowledge beyond what is needed to fulfill religious rituals caused some people to remain at the first stage i. e. “faith”. In more conducive environment where there is freedom of faith and access to all knowledge, Muslims are free to read various translations of the Qur’an and enhance their understandings of Islam; they (re)interpret and (re)discover Islam – free from religious authorities, cultural (national) baggage and cumbersome traditions or practices.

Islam is lived differently in various part of the world, thus, the concept of Islamic markets or Muslim consumers is not straightforward. To deal with the complexity of Islamic markets, efforts to look at Muslims as individuals and consumers should consider various cultural lens in specific contexts. From marketing perspective, a market segment is considered sufficient and ‘attractive’ when there is heterogeneity with respect to consumer needs and wants. In addition, a market segment should also be measurable (market size and buying power); substantial (profitable enough to serve); accessible (can be effectively reached); differentiable (responding differently to marketing strategies) and actionable (for formulation of effective strategies).

Figure 1 shows the percentage of the 1.8 billion Muslim populations representing about 23% of the global populations. According to Pew Research Forum, by 2030, Muslims are expected to make up 26% of the world’s projected population or 2.2 billion people. Although Muslims remain a minority group in Europe and North America (about 38 million and 5 million respectively), they will constitute a growing share of the total population. Asia Pacific is seen as the strongest markets not only because it consists of 62% of Muslims worldwide but the number of Muslims who live in South Asia and Asia Pacific is expected to reach 1.3 billion by the year

Figure 1: Population percentage of the “third one-billion market” across regions



(Source: Pew Research forum, 2015)

2030. The four countries boasting the largest Muslim population is Indonesia (200 million), Pakistan (174 million), India (161 million) and Bangladesh (145 million). Despite the substantial size of the Islamic markets, when addressing Muslim consumers, it is important to recognize a paradox; on one hand, there are becoming more visible and integrated into the global economy, on the other hand, they also view themselves as part of the *ummah* i. e. they are likely to identify themselves as Muslims (than their nationality) in political disputes or to engage in social movements against anti-Islamic sentiments or activities (see A. T. Kearney's consultancy report, 2007).

**Table 1: Population and purchasing power
across Muslim majority and minority geographies**

Largest Muslim Population	Highest purchasing power of Muslim population
Indonesia	Saudi Arabia
Pakistan	Turkey
India	Iran
Bangladesh	Malaysia
Turkey	Qatar
Egypt	Russia
Iran	France
Nigeria	Libya
China	UAE
Ethiopia	United States
Algeria	Algeria
Morocco	Singapore
Sudan	Indonesia
Afghanistan	Egypt
Iraq	The Netherlands

Source: Economist Intelligence Unit

Table 1 shows the population and purchasing power across Muslim majority and minority geographies. Within the Muslim geographies, the four highest purchasing power of the Muslim population are Saudi Arabia, Turkey, Iran and Malaysia. These markets offer opportunities for offering premium *halal* products or services. In addition, other Muslim minority markets such as in Europe and North America or the high income group in Indonesia and other countries should not be overlooked in terms of their purchasing power. Beside information on economic benefits and/or demographics of Muslim consumers worldwide, it is also useful to look at

existing segmentation efforts of Muslims consumers. For example, Vohra et al (2009) provide empirical evidence of various segments based on values and attitudes of Muslim consumers. The authors use a combination of interviews and surveys of Muslims in ten predominantly Islamic countries (Algeria, Egypt, Jordan, UEA, Saudi Arabia, Turkey, Iran, Pakistan, Malaysia and Indonesia). They identified some commonalities across the Islamic world; these include high regards to family and close friends; strong desire for traditions; high emphasis on education; strong desire for self expressions and fondness of the Western brands as long as these brands are not associated with anti-Islamic activity.

Furthermore, Vohra et al (2009)’s findings also reveal five different segments of Muslim consumer based on respondents’ attitude towards themselves; men and women; friends and families, personal choices; dreams and inspirations; traditions, culture and generational disparity; media and advertising; product and services. These segments include: first, religious conservatives (strict religious practices, and tend to be older males); second, new age Muslims (they are religious but do not expect others to follow them, and believe in social progression, support female empowerment and gender equality and tend to be females in big cities); third, societal conformist (lack self confidence and rely on others to make decisions, and they believe that social norms should be adhered over personal choice, they are not particularly religious and tend to be lower-class males); fourth, pragmatic strivers (non-traditional and ambitious, willing to compromise on religious values to get ahead in life, they tend to be the least affluent group who seek ways to earn something extra; fifth, liberals (broad minded, independent and assertive, they explore different views and options even if they do not conform to accepted religious and societal norms, tend to be more affluent than other segments).

Another study of various Muslim consumers segments is conducted by Ogilvy Noor in 2010. Based on four majority Muslim markets (Saudi Arabia, Egypt, Pakistan and Malaysia), the study contends that there are six segments of Muslim consumers within two major groups of the “traditionalist” and the “futurist/modernist”. The “traditionalist” refers to Muslims who follow strict rules, obedience to Muslim clerics/religious authority. Within the traditionalist group there are three segments which are labeled as: ‘the connected’ (27%) or part of web-linked network of the *‘ummah’* (religion connects me); ‘the identifiers’ (27%) or those who view Islam as the “uniform” they wear with pride and seek to see it strengthen and defended (religion identifies me); ‘the grounded’ (23%) include those who regard Islam as their anchor, and consider religion and culture is inseparable (religion centers me). The “futurist/modernist” consists of Muslims who have universal view on Islam, reject narrow interpreta-

tions of Islamic teachings and support pluralism. This group includes ‘the movers’ (6%) or those who believe that religion is what you do with it (religion enables me); ‘the immaculate’ (11%) or those who seek disciplined perfection in religion (religion purifies me) and the synthesizers (6%) or the pragmatic segment, referring to those who adapt religious practice to their needs (religion individuates me).

Whilst Vohra et al (2009) includes measures of values and attitudes for segmenting Muslim consumers, Ogilvy Noor’s study focuses on the religiosity aspects of Muslim consumers as segmentation measures. To a certain extent, both studies provide understandings of Muslim consumers and reject the assumption of Muslim consumers as a pre-existing market or that they are a homogenous market. Their findings indicate that understanding of Muslim consumers should move away from stereotypes; Islam and modernity are not conflicting terms, and majority of Muslims value freedom of expression and desire for social progressiveness. In other words, besides various intensity of their ‘religiosity’, Muslim consumers are similar to other consumers segments or other ‘one-billion’ segments such as China and India. In this respect, it is crucial for segmentation efforts to include not only demographic measures and/or religiosity but also the psychographic variables that include motivation, lifestyle, personality and values. As noted in Vohra et al (2009), there are substantial presence of New Age Muslims, primarily women in the countries surveyed; this indicate a need for a middle path or moderate approach in terms of marketing communication strategies and Islamic-compatible products and services.

III Muslim consumers and *halal* phenomenon

Although *halal*, the Arabic word can literally be translated as ‘permissible’ or ‘lawful’, its concept is much broader and has greater significance; it implies behaving in ways that enhance value to oneself and others. The market for *halal* is popularly associated with Muslim consumption of foods particularly meat, however, recent developments of *halal* market indicate that *halal* products goes beyond foods and beverage; it includes financial products, clothing, pharmaceuticals, cosmetics and others. In 2013, Thomson Reuters and Dinar Std. estimates that the value of global *halal* industry is about USD 2.3 trillion and expected to grow to USD 10 trillion by 2030. According to World Halal Forum, halal foods remain the largest portion of halal market segments or about 60%. Interestingly, halal tourism i. e. provides hospitality services in accordance with Islamic beliefs and practices, also gains popularity. Wilson and Liu

(2011) argue that *halal* paradigm is a nub where the perceived importance of *halal* is brought to Muslim consciousness. In other words, the phenomenon of *halal* market which began as a niche market for Muslim consumers is gradually transformed into a worldwide market phenomenon and is likely to play a significant role in global trade in the coming years.

Halal phenomenon capitalizes on growth of Muslims economics such as the rise of Muslim consumers (buying power) and Muslim entrepreneurs as well as Islamic symbolism i. e. *halal* logo and its certification. Currently, there is no worldwide single *halal* certification standard; Muslim countries or communities developed their own “*halal* standard”. Across the world, there are Halal International Integrity (Malaysia), World Halal Food Council (US), Standard and Metrology Institute (Turkey), Gulf countries with their GSO-Halal Food, European Committee for Standardization or CEN, World Halal Food Council (Indonesia), to name a few. This reaffirms a notion that there are various interpretations of ‘what is Islamic’ and Muslims from various countries and backgrounds are likely to have different perceptions on what constitute ‘*halal*’ and/or what can be considered as 100% *halal*. The concept of oneness in Islam presents a vertical relationship between the creator (God) and humans; and is also manifest in horizontal inter-human relations; Islam is a multi-dimensional and dynamic construct, when viewed from top-down and inside-out (see Wilson and Liu, 2011).

Fisher (2011, 2016) and Jafari & Sandikci (2016) suggest that there are tacit policies and politics behind the rise of *halal* phenomenon in mass markets. They argue that these policies and politics are designed in private markets and in various institutions of the political/ideological economic system before they become manifest as tangible goods, services and symbols in the Muslim geographies. Despite the existence of Muslims (and *halal* food) more than 1,400 years ago, the wide-spread use of ‘*halal*’ term and its concept merely began in the 1980s. One can argue that *halal* phenomenon is partly spurred by a quest for trade (such as its certifications from various authorities) with more than 1.8 billion Muslim consumers. To a certain extent, development of *halal* markets is seen as driven by political Islam to unify the *ummah* or the worldwide Muslim community. In discussing the development of *halal* and Islamic finance, Wilson (2014) argues that this phenomenon aspire to create Islamic system through the sum total of Muslim economies galvanizing under a banner of ‘Brand Islam’.

Literature on *halal* within Islamic marketing and branding appear to also address the gap between existing brand theory, and consumer needs or demand from Islamic perspective. Wilson and Liu (2011) argue that some of the issues pertinent to Islamic branding include: what defines a brand as being Islamic; what is *halal* and does *halal* necessarily translate into being

Islamic; how can brand and consumer behavioral theories be applied within this context. Further, within the *halal* paradigm, what emotional elements are acceptable, how can they be evoked, and to what degree can they be deployed. Multi-national companies such as Nestle, Unilever, McDonald's, Campbell's, HSBC, and Tesco have jumped on the *halal* bandwagon and benefit from a promising growth of their *halal* products. In line with the rising interest of Islamic markets and *halal* phenomenon, a global marketing and advertising agency such as Ogilvy & Mather (via its new division that exclusively focus on the Islamic markets, Ogilvy Noor), and J. Walter Thomson (JWT) have published reports (e. g. Vohra et al, 2009) on the Islamic markets and Muslim consumers across borders. While these reports provide comprehensive analysis of Muslim consumers from the business perspectives, more meticulous and holistic approach/frameworks to identify, understand and respond to Islamic markets and *halal* remain to be explored.

In a study on the global *halal* market, Izberk-Bilgin and Nakata (2016) suggest several lessons in *halal* marketing which include: first, to embrace a holistic meaning of *halal* which is encompassing; it emphasizes purity in substance, and prescribes consumption of products closest to their natural state. In this respect, *halal* is consistent with and reflects sustainability and corporate social responsibility (CSR) values. Second, as the institutional terrain of the global *halal* market is complex and varying interpretations of *halal* within the heterogeneous Muslim community, it is important to know the rules or *halal* standards or procedures and relevant policy makers or authorities for *halal* certification in each market or within a specific context. Third, as religion and marketing can be seen as a 'strange marriage', it can attract criticism from the mainstream consumers, however, similar to *kosher* (Jewish dietary law), *halal* positioning reflects one way to celebrate ethnic and religious diversity. Finally, to ensure a stronghold in the *halal* market and long term growth, companies are to build integrated *halal* approach i. e. *halal* criteria to be incorporated in R&D stage and applied to sourcing, production, logistics, sales and marketing as well as customer service.

Despite encouraging signs and growth of *halal* market, the main challenge is to understand and respond appropriately to *halal* phenomenon from Muslim consumers' cultural lens and Islamic frame-of-reference. Wilson (2014) sheds light on the concept of *halal*, its guiding principles and its connection with Islam and other monotheism. He argues against the assumption that *halal* is just something for, or by, Muslims and suggest a wider view beyond 'meat and money' (*halal* meat and Islamic finance). He also stresses on the importance of *halal* to be marks that indicate commitment towards ethics, values and best practice, not as lowest

common denominators of functional compliance. As noted in Ahmad (forthcoming, *JIMA*), researchers engage in Islamic marketing and attempt to study Muslim consumer behavior should avoid reductionist approach to Islam and Muslim societies. In this respect, it is crucial to ‘see’ Islam in its true spirit; it is a faith and activity that aims at individual as well as social and collective progress for all. Jafari (2012) argues that reductionism and oversimplification of Islam and marketing will inevitably reduce tolerance and hamper the constructive value of critical approach to the development of marketing theory and practice.

IV Understanding Muslim consumers and halal phenomenon: Implications for Japan

According to Oda (2006), Japanese view on Islam is mostly influenced by the reporting in newspapers and media when conflicts, wars or terrors occurred. In a public lecture on ‘*The Basic Teachings of Islam*’ delivered at the Institute of Oriental Philosophy in Tokyo, she argues that Japanese mass media have seldom covered Islamic history and Muslim’s daily life, and are somehow responsible for the lack of knowledge or even wrong image on Islam. In this respect, efforts to view “Islam” and “Muslims” from a fresh sight are crucial not only for targeting Muslim consumers and engage in *halal* market but also to promote intercultural understandings and interactions. As Islam is lived differently in various places and times, the concept of Islamic markets or Muslim consumers is not straightforward. In Japan, religion is considered as a taboo; Japanese generally know little about Islam and very few people know that Islam is not simply the religion of Muslims but an all-embracing way of life in which faith is to be constantly reaffirmed through behavior that aims toward individual and collective progress.

From my experience and interactions in Japan, it seems rather common for many people to equate Islam with Muslim (Islam=Muslim). In some way, it feels necessary to engage in any effort that would enhance intercultural understandings such as providing a fresh view of Islam and Muslims as individuals. Although not a specialist, I have accepted invitations to deliver the lecture on ‘Islam, Muslims and cultural values’ for the staffs study session at the Institute of Business and Accounting on November 2015, and a human right seminar for the faculty members at the School of Sciences and Technology of Kwansai Gakuin University on January 2017. Efforts such as these lectures are refreshing and are seen as constructive steps towards enhancing intercultural understandings and international relations. To oversimplify ‘Islam’ and ‘Muslim’ may lead to misconceptions of Islam in its true spirit. In reality, there is a gap

between ‘what Islam demands’ and Muslims behavior (see Askari and Mohammadkhan, 2016). It is imperative to recognize that there are a range of practices or behavior of Muslims across various parts of the world, and some of these practices are influenced by specific cultural (national) values or traditions and individual factors, instead of Islamic teachings. For example, Muslim women in Africa, Middle East, South Asia, North America, Europe and South East Asia dress differently based on specific cultural values and/or personal choices; however, based on Islamic teachings, all Muslim women (and men) are required to dress modestly.

Islam is a faith and activity that governs individual relation with the creator (God) as well as his/her relation with other individuals and all creations. The concept of *halal* brings spiritual and ethical elements into human relationships with trade and food, if pursued with purity of intention and intelligence. In this respect, *halal* phenomenon can be seen as a force for good. As *halal* is not just something for, or by, Muslims, it is likely to gain more attention from Muslim and non-Muslim entrepreneurs and consumers worldwide. This provides significant opportunities for “Made in Japan” products or brands which are perceived as superior in terms of quality, purity, safety and reliability. Japanese brands will make a significant mark in *halal* branding, if pursued with a great concern for specific market phenomenon in relation with Islamic principles and practices. In Japan, a general practice is keeping distance from religion, but treating it with respect; the latter is favorable to Japanese companies/brands that are targeting Muslim consumers or are planning to penetrate Islamic markets.

Based on my analysis of Islamic markets and insights on Japan, there are a few strategic advantages or reasons for Japanese companies to consider engaging with Muslim consumers and/or *halal* market. First, Japan and Japanese brands generally enjoy a favorable image across the world. In many parts of the Muslim geographies, there have been reported news of anti-Western or anti-American sentiments due to certain disparaging policies toward Muslim countries or brands that engage in activities that are considered offensive to Islam or Muslims. To date, there are no reports of social movements in Muslims geographies that are against Japanese brands or products, thus, there are no similar sentiments about Japan. Second, although a significant portion of Muslim geographies are underdeveloped and characterized as low buying power or even poverty, the rise of middle class Muslim consumers and *halal* phenomenon present a huge market potential that is hard to ignore. It is compelling to consider that about 23% of the world population is Muslims, and its growth rate is estimated at 73% which is much faster than the 35% growth rate of the world’s population between the periods of 2010–2050 (Pew Research Center, 2015). Finally, closer observations and reflections on Japan indicate

that there are commonalities between some aspects of Japanese culture/practices and what is considered as ‘Islamic’ (see Ahmad, forthcoming, *JIMA*). As noted in Wilson (2014), based on the tenets of Islam, one has to be a Muslim to be Islamic in all thoughts, feelings and action; however, within the confines of marketing and consumption, one doesn’t have to be a Muslim to offer Islamic-compatible products or services. To reiterate, *halal* is not just something for, or by, Muslims.

Currently, Japan is welcoming more international visitors, and the number of these visitors is expected to grow in the coming years, particularly for the 2020 Olympics. Japanese government are intensifying efforts to encourage international tourists to Japan and increase international students from both Muslim and non-Muslim countries to enroll in Japanese universities. Efforts such as providing ‘Muslim-friendly’ environment and availability of *halal* foods to cater for Muslim visitors and students are not only beneficial for the local economy but also help to promote intercultural understandings. Japan is a homogenous society, thus, there are limited opportunities and exposure to other cultures and values. To a certain extent, *halal* phenomenon is seen as an opportunity to enhance understanding and renew a view on Islam and Muslims as individuals and consumers. Furthermore, given that more than 80% of the world population affiliating with major religions (Christianity, Islam, Judaism, Hinduism, and Buddhism), the influence of religious beliefs on people behavior deserves considerable attention. Efforts to recognize and embrace diversity of religious beliefs and cultural values are imperative to all human activities, including marketing and consumption.

V Conclusions

The main objective of this paper is to explore the “third one-billion market” and discuss the homogeneity and heterogeneity aspects of Muslim consumers. As Islam is integral to the life of Muslims as individuals and consumers, it highlights various interpretations and understandings of “Islam” and “Muslims” as well as *halal* phenomenon from a fresh sight. This paper contends that Islamic market is not a homogeneous and pre-existing segment. It also argues that Muslim identities and behaviors are shaped by not only Islamic beliefs but are also influenced by specific cultural (national) values. Moreover, similar to other market segments, the behavior of Muslim as consumer, are also shaped by the factors internal to each individual such as motivation, attitude, aspiration, lifestyle and so forth. Despite various intensity of Islamic observance, Islam is a lived experience, and Muslims attempt to live an Islamic life in all thoughts,

feelings and actions. In this respect, highly desirable products or services are to be not only *halal* or Islamic-compatible, but of high quality, sensibility and are able to help Muslim consumers enhance their Islamic life.

Religion is often considered as a separate domain from marketing and consumption; however, when discussing Muslim consumers, the importance of Islamic beliefs should not be overlooked in order to better understand specific behaviors and product requirements of Islamic markets as a whole and in various contexts, and Muslims as individuals and consumers. Although *halal* is an Islamic concept and is associated with Muslim consumptions; *halal* is not just something for, or by, Muslims. This provides significant opportunities for “Made in Japan” products or brands which already enjoyed favorable perceptions in various parts of the world, particularly in Muslim countries. In addition, Japanese brands are perceived as superior in terms of their quality, purity, safety and reliability. To reiterate, *halal* is likely to be a significant force in global trade, however, to be widely accepted and highly regarded within the Muslim world and beyond, it is to be marks that indicate highest commitment towards ethics, values and best practice, not merely as religious symbol and functional compliance. To advance *halal* toward a reputable mark or ‘brand’, policy makers/authorities and entrepreneurs engage in *halal* market across the Muslim world could learn from global benchmarks wherever available, such as some of the Japanese best practices of total quality management (TQM), *kaizen* and *omotenashi*, to name a few.

The Islamic conception of religion goes beyond theology; it includes ideology, cosmology, conduct, customs and institutional rules. In this respect, Islam is a faith and activity that governs all aspects of human life. As *halal* is an Islamic concept and is associated with Muslim consumptions, the unfavorable image of Islam or Muslim in Japan and elsewhere may cause some people or companies to be rather reserved. To some extent, the wrong or even negative image of Islam or Muslim is influenced by media reports and lack of knowledge of the subjects. Thus, it is crucial for research that bracketing the term ‘Islam’ or ‘Islamic’ to consider a renewed and productive approach from a fresh sight. Further discussions on the connections between religion/spirituality and people behavior should highlight similarities instead of differences of religious beliefs and cultural values. After all, values such as integrity, fair dealings, prohibition of self interest to the disadvantage of others, treating customers with respect and honesty, promotion of kindness and good interest for all mankind are integral to all faiths and a basic human conscience.

Finally, there are two main suggestions for further research. First, existing studies or

reports on Islamic markets such as *halal* development are useful resources to understand Muslim consumers at the onset of research within the domain of Islam-marketing-consumption. However, critical analysis that leads to advancement of knowledge of Islam as a faith, and marketing or consumption as part of human activity requires a holistic view and a balanced approach that is reflective, meticulous and productive. Second, future studies on the “third one-billion market” and consumption behavior should consider Islamic frame-of-reference and market realities. In this regard, while there are tacit policies and politics behind the rise of *halal* phenomenon in mass market, it is more sensible to regard *halal* as a way to understand and respond to specific requirements of Muslim consumers while celebrating ethnic and religious diversity of global consumers. Both suggestions remain to be explored, in theory and in practice.

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