MARKET OF HALAL PRODUCTS: FROM NICHE TO GLOBAL MARKET

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Abstract
In the last two decades, Halal products, primarily Halal food, have outgrown from exclusivity solely for the Muslim population into a dynamic global market that will continue to play a crucial role in international trade in the upcoming years. According to report written by Thompson Reuters and Dinar Standard value of Halal food & beverage market in 2014 has been estimated to $1.37 trillion which is 18.2% of global food & beverage market. Not wanting to miss the opportunities that the one of the fastest growing market offers, most of multinational companies such a Nestle produces and offers Halal products. This paper presents Halal market which in short time have transformed from niche to global market.

Key words: halal products, halal market, niche, globally

1. Introduction

Halal is an Arabic term meaning “lawful or permissible”. Opposite of Halal is Arabic Term Haram which means „unlawful or forbidden “.

Those two terms define the guidelines for the followers of Islam to distinguish right from wrong, allowed and prohibited. Islam, as one of the major monotheistic religions, includes the concept of food and nutrition to be followed by all believers of the Islamic faith. The word halal in Islam is the guiding and directional instruction and encompasses not only food and drink, but all matters of daily life which is clearly defined by Shari'ah rules.

Qur'an clearly defines all matters related to Halal and Haram, permissible and prohibited. Therefore, each member of the Islamic faith must take account of what he/she consumes and that food is not just a material good but that there is a spiritual meaning to it, that the food is considered as God's gift. Halal food is present for more than 1,400 years, but only in the last decades Halal products are gaining global importance.
As of today it is estimated that the global Muslim population exceeds 1.6 billion, and is growing at twice the rate of the non-Muslim world and is expected to reach 2.2 billion by 2030.

Thus, it is not surprising that the halal products market attracts more and more attention of the world industry, government and NGO sector as well as consumers [1, str.24,26].

2. Methodology

Data is collected by research at the table, investigative research of scientific and professional literature.

3. Debate and Discussion

Halal market makes the population of 1.6 billion Muslims, but also there is an increasing number of non-Muslims consumers who use halal products because they consider them healthy and safe.

The above fact is due to the characteristics of Halal products which are:
1. Halal products are present in all dietary habits and worldwide
2. Acceptable for all ages
3. Acceptable for the followers of other confessions
4. Healthful products with additional control

Despite the fact that Halal products have been used and traded for more than 1400 years, only in 2004 for the first time the term global halal market have been put in use, this is when Malaysia published the first official Halal Food Standard.

If we look separately to the trade of Halal Food & Beverage, which in 2014 have been estimated to $1.37 trillion than it exceeds trade of food & beverage in China ($857 trillion), USA ($768 trillion) or India ($434 trillion) which only confirms the fact of the growing importance of this market. Promising growth of this market in the next decade, without doubt, is the fact that 60% of the Muslim population is under 30 [1, str.24,26].

The largest share of trade of halal food and beverage goes to the following countries: Middle East and North Africa –MENA countries ($441 billions), South Asia ($238 billions) etc. One of the key Halal markets are Gulf countries (United Arab Emirates, Saudi Arabia, Oman, Qatar, Bahrain etc). However, it is interesting to point out that the biggest Halal producers are non-Muslim countries such as Brasil, Australia, New Zeland, and France etc. The increasing market attractiveness of Halal market has contributed to the fact that today the leading international companies are actively involved in the production of Halal food. Most of these international players are actually companies from Western markets such as Nestle. Among Nestles’ 468 factories, 159 exclusively produce halal products which are exported to 50 countries.

According to Croatian Chamber of Commerce Halal market is divided into following market segments:
**Arab - Islamic Market**

Comprising of 57 countries which are networked through the institution called the Organization of Islamic Cooperation (OIC) based in Jeddah, Saudi Arabia. The biggest importers of Halal food are Gulf Countries (United Arab Emirates, Saudi Arabia, Qatar, Oman, Bahrain etc.) which in 2010 imported halal food worth $25.8 billion and it is projected that up to 2020 their import of Halal food would be worth $53.1 billion. (Economist Intelligence Unit).

United Arab Emirates which are considered as Halal hub for the Gulf countries imports 90% of food, 80% of imported meat come from Australia and Brazil. 145 countries and 149 countries in 2009 and 2010 respectively have exported halal food in United Arab Emirates. Surely, the greatest potential for export of Halal foods provide the Gulf countries, in the first place because of their purchasing power, a large number of expatriates in these countries and because of the large number of tourists, for example in Dubai currently operate 700 hotels.[5].

**European Market**

The European market for Halal food is now estimated at $66 billion, with a population of 50 million Muslims. For a company in the region dealing with halal food, European Muslims are the most sought target consumers because of their sensibility and familiarity with halal products as well as their purchasing power which is in most cases higher than in many Islamic countries. That halal food is not "reserved" only for Muslims shows the fact that for the producers of halal meat the most lucrative markets are in all major European countries. The most glaring example of the attractiveness of halal meat market is the UK market: although the British Muslims account for only about 3% of consumers, the total share of consumers of halal meat is as high as 20% of the total number of consumers.

Among European countries the largest market of halal products and services is France (trade of Halal product in France estimates approximately to 3 billion euros per year) and the UK. Halal Coke - Mecca Coke in France has become one of the best-selling non-alcoholic drinks and Nestle are increasingly developing their French market of halal meat and frozen meat products. The most popular Halal products in Europe are milk powder, various flavorings, spices and sauces. In recent years we have witnessed that many European countries have implemented halal quality standards in segments of the production of medicines, cosmetics, items of personal use. Most retail chains on their shelves offers a wide range of halal products and services. The development and prospects of halal market by far is outlined in the example of Great Britain.

European hub for halal meat industry has been established in the province of West Midlands. European hub will provide billions of tons of halal meat from domestic production, which will than supply halal market in the UK and worldwide. Association of Farmers from West Midlands is carrying out a two-year project called West Midlands Project – Qurbans- the sacrifice of a livestock animal, which was initiated by a partnership of Advantage West Midlands and Business Forum of Ethnic Minorities from West Midlands. With the help of this two-year project Halal standard has been presented which also includes labeling and certification of farms according to Halal standard. By implementing the
requirements of Halal standards on the farms will enable the traceability of halal products by the system from farm to fork. The project Qurbans, which lasted for two years has opened great opportunities in the global halal market for many farmers. Halal market of Great Britain is estimated to 2.8 billion pounds. In the UK there are about two million Muslims, according to the British Food Safety Agency, halal food is consumed by 6 million end-users.

Western companies have recognized the potentials and importance of this market so they tend to seek halal certification in all countries where Muslims are in substantial numbers. Previously mentioned "Nestle", as one of the most important companies in the production of food products, has received Halal certification, so that their products are now available in both Western and Muslim countries (Nestle markets encompasses Malaysia, Indonesia, Turkey, Middle East countries and in Europe-France, Great Britain and Germany.

Regional Halal Market

With the establishment of Agency for Halal Quality Certification in 2006 and granting the first certificates of Halal quality regional Halal market started to develop. Up to today it has recorded a continuous growth in quantitative and qualitative terms. Among the regional countries noticeable are the development trends of halal markets in Croatia, Serbia and Bosnia and Herzegovina. Of all the countries in the region, Bosnia and Herzegovina is the largest and most important market in view of the number of Muslims who reside in it.

According to data collection of Agency for Halal Quality certification, in Bosnia and Herzegovina, in 2014, certified companies operating according to the halal standards realized annual profit of 1.5 billion marks with the total volume of food production of 633,000 tons per year[3].

4. Conclusion

If we look closer to the market researches, trade data analysis, as well as preferences and spending habits of 1.6 billion consumers, the halal market for years has been uncharted territory. In this regard, the halal market is still very young and constantly evolving, these are in fact new market paradigm that interwoven geographical, cultural and even religious boundaries.

Traditionally, Halal have been referred only to red meat and poultry, in particular with regard to the methods of slaughter. More recently, this has grown to include non-meat foods such as dairy, baked goods, snacks, confectionery and other processed food and beverage products.

Today's approach to halal is from farm to fork, which includes the compliance with halal of the whole process of production through the supply chain, such as warehousing, transportation and logistics, all these play a role in maintaining and demonstrating halal integrity.

During the last two decades, halal food has been transformed from an exclusive niche market solely for Muslim consumers into a dynamic global market phenomenon that shows every indication of playing a significant role in global trade in the coming years. Halal market is complex and fragmented jigsaw puzzle whose defining parameters are still seeking and expanding.
To understand the growth and development of the halal market it is useful to focus on the factors that apparently develop this market. From the consumer's awareness to technological innovation, the halal market is continuously growing and developing. Regulatory frameworks in the halal sector is not uniform, as they vary from one region to another and from one country to another. Countries with a Muslim majority have a different approach from countries where Muslims are minorities, such as the GCC countries (Gulf countries) are also in the process of development. Standards for the 57 OIC (Organization of Islamic Cooperation) is also being developed. Compliance of halal market on global level are still in a state of leavening and evolution. The main challenge in developing the regulatory framework for the halal market is to bring halal standards for food and beverage to the same level of compliance as existing standards for safety and quality in the food sector. Most of leading multinational food companies have adjusted their production according to Halal requirements not wanting to miss the opportunities that this highly lucrative market offers. Podravka, as one of the leading food producers in Republic of Croatia and region has adjusted to the requirements of Halal standards most of its product range.

Thus, I would like to conclude this paper with the citation of the President of Managng Board of Podravka d.d. Mr Zvonimir Mrsic:

„Last year ( 2014 ) we have increased exports by 6 % and made strides in the market where certificate of Halal Quality is a prerequisite for our products to be sold. These are the markets that are growing, and the structure of the consumer is desirable for a company like Podravka. We want to become an important bidder in these markets, to improve the quality of life through diet and give some new flavors and methods of preparation, offer variety of brand name products and make Podravka as a whole recognizable in these markets.” [4].

Reference

1. Dugonjić A. (2014), Importance of Global Halal Market, seminar in Croatian Chamber of Commerce