

Problems and Challenges on the Islamic Marketing Mix of Selected Halal Food Manufacturers in Mindanao, Philippines

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ABSTRACT

The study assessed the problems and challenges encountered by selected Halal food manufacturers on their marketing mix. It conducted a survey to 70 certified halal food manufacturers in Mindanao, Philippines. The findings revealed that the manufacturers have faced a lot of problems and challenges. Based on the result, three of the marketing mix elements have encountered problems and challenges very seriously. Among these Ps, price got the highest weighted mean of 3.61, followed by place with a weighted mean of 3.46, and then physical evidence with a weighted mean of 2.30. Meanwhile, the challenges and problems in all other Ps, namely product (3.20), people (3.19), promotion (3.17) and process (3.06) were also seriously encountered. Given the findings of the study, manufacturers should critically study the possible causes of the problems and challenges they have encountered, and then necessary actions should be taken to mitigate the problems and challenges met, thereby ensure compliance of their operation with Islamic standards.

Keywords: Islamic, Marketing mix, Halal food, problems, challenges, Philippines

Introduction

As food industry demands higher customer-orientation, functions of marketing should be given more importance. Food manufacturers should devote time on designing and implementing marketing mix that would create value proposition to their customers. Food industry should employ marketing efforts that ensure customer satisfaction which would be the key to have more loyal customers, and thereby improve their financial performance.

Recently, the market for halal food has caught the attention of manufacturers due to the fast-growing worldwide Muslim population and growing awareness. Nevertheless, food consumption is the most critical for Muslim consumers' primary needs since they have to take halal products (Varinli, Erdem & Avcilar, 2016). As emphasized by Esfahani and Shahnazari (2013), consuming halal products is an essential duty of Muslims wherever they stay.

The term halal (حلال) comes originally from the Arabic language which means permissible, allowable, and acceptable. As such, the concept of halal is founded around the necessity for any Muslim to buy products that are permissible, allowable, and acceptable from a religious point of view. For a product to be halal, it must comply the requirements of Sharia as provided in its sources. The two most significant sources of Islamic teachings are the Holy Quran and the Sunnah (Khan & Haleem, 2016). Thus, in order to meet the requirements of Muslim consumers, food industry must design a marketing mix in accordance to Islamic standards.

The marketing mix in an Islamic perspective is focused on value-maximization to encourage societal welfare approach (Alserhan et al., 2016). Thus, it is crucial for the players in this field to understand different aspects of Islamic marketing and its impact on the implementation of marketing strategy. In fact, halal exporters that have designed their marketing strategy in accordance to Islamic values, beliefs, norms and practices have greater potential to enhance their export performance in Islamic markets (Tahir and Abdul, 2013). The Islamic marketing mix studied in this research includes

the 7Ps; product, price, place, promotion, people, process and physical evidence (Arham, 2020; Baharuddin et al., 2015; Najmaeia et al., 2017).

Several studies have found out that there are challenges and problems encountered by halal producers. The Muslim Mindanao Halal Certification Board (2010) reveals on its report that there are various challenges facing the halal certification in the country. First, in the eyes of the Muslim world, the Philippines is very much a non-Muslim country, and that forbidden (haram) food and drinks are widely produced, catered, and distributed all throughout the country even in Muslim communities. Thus, halal certification in the country is still struggling to be at par with international practices. Secondly, halal certifiers for its part, given the fast-paced development in the food industry, are confronted with issues and concerns in food products involving pigskin as extenders in manufactured meat products, phosphate in canned tuna, lecithin in drinks, vanilla flavors in cakes and ice cream, pork enzyme in popular food seasoning, GMO-tainted food products, the use of stunning and mechanical knife in livestock and poultry, and cross contamination in food production and processing. Moreover, the report highlights several challenges and problems evolving in the marketing mix.

Interestingly, in the study of Omar (2013) on the challenges and marketing strategies of halal products, it reveals that the marketing aspects in the entrepreneurship is a major challenge faced by small entrepreneurs due to lack of capital and lack of knowledge in marketing strategy. As such, study notes that the problems of marketing and the market have always been a barrier to small industry to grow. With this, Omar recommends that the small operators need to place more emphasis on the aspect of their marketing. Although there are some weaknesses in the management of their business, a lot of assistance from the government should be able to help small halal food industry to face whatever business challenges toward greater excellence. Not to mention the commitment of operators to promote themselves by willingness to seek and adopt appropriate technology continuously to produce high quality food products, safe for consumption, cost-effective and competitive in the global market.

Another study conducted by Mahidin, Saifudin and Othman (2017) presents the challenges faced among food and beverages small and medium size manufacturers. The study is focused on challenges that the halal product's manufacturers have encountered, mainly from small and medium enterprises (SMEs). Some of the challenges identified were the complex management of warehousing and terminals, the lack of trust and knowledge, perceived risk, and others that related to the halal matters.

Thus, the study evaluated the problems and challenges encountered by halal food manufacturers on their marketing mix. With the findings of the study, the manufacturers will be able to determine the degree of seriousness of their problems and challenges, and then come up solutions in order to sustain Islamic compliance of their operation.

Methodology

The study is a descriptive research. A survey questionnaire was designed by the researcher using the studies of Islam Guide (2013); Mahidin, Saifudin and Othman (2017); Muslim Mindanao Halal Certification Board (2018); and Omar (2013) as guides in developing the instrument. To ensure the functionality of the instrument, validity and reliability tests were done. Content validation was done by experts on the field and professional researchers. Moreover, Cronbach's alpha was determined to guarantee the consistency of the questions. A survey was conducted to 70 Halal certified food manufacturers operating in Mindanao, Philippines. The data were treated and analyzed using descriptive statistics.

Results and Discussions

Successful implementation of the marketing mix of the manufacturers can be hindered by some problems and challenges. As such, manufacturers were asked to assess the degree of seriousness of the challenges and problems they have encountered on their marketing mix. Based on the result, three of

the marketing mix elements have encountered the challenges and problems very seriously. Among these three Ps assessed, price got the highest weighted mean of 3.61, followed by place with a weighted mean of 3.46, and then physical evidence with a weighted mean of 2.30. Meanwhile, the challenges and problems in all other Ps, namely product (3.20), people (3.19), promotion (3.17) and process (3.06) were also seriously encountered. The detailed result of the assessment is presented Table 1.

7Ps	Question Statements (Indicators for the 7Ps)	Weighted Mean	Interpretation
P r o d u c t	1. Difficulty in sourcing halal certified ingredients.	3.20	Serious
	2. Difficulty in segregation of halal & non-halal ingredients.	3.30	Very Serious
	3. Products lack innovation due to insufficient trainings.	3.11	Serious
	4. Lack of confidence/integrity on the halal certification.	3.17	Serious
	5. Misuse of halal logo and label which create confusion.	3.23	Serious
	Over-all Weighted Mean of Product	3.20	Serious
P r i c e	1. Prices of halal ingredients are relatively higher.	3.81	Very Serious
	2. Transportation costs are increasing.	3.36	Very Serious
	3. SRP printed on a product is often substantially higher.	3.71	Very Serious
	4. Prices of products are becoming less competitive.	3.44	Very Serious
	5. Prices may be viewed to be unreasonable.	3.70	Very Serious
	Over-all Weighted Mean of Price	3.61	Very Serious
P l a c e	1. Lack of control in the segregation of halal & non-halal.	3.86	Very Serious
	2. Halal products are contaminated with non-halal.	3.16	Serious
	3. Distributors are selling haram with halal products.	3.82	Very Serious
	4. Unavailability of halal food products.	3.27	Very Serious
	5. Limited number of distributors of halal food products.	3.17	Serious
	Over-all Weighted Mean of Place	3.46	Very Serious
P r o m o t i o n	1. Difficulty in establishing integrity of company's product.	3.35	Very Serious
	2. Difficulty in gaining consumer trust.	3.30	Very Serious
	3. Difficulty in designing a suitable promotional program.	3.12	Serious
	4. Insufficient knowledge of the distributors' employees.	3.01	Serious
	5. Challenge in delivering the promises in the promotion.	3.06	Serious
	Over-all Weighted Mean of Promotion	3.17	Serious
p e o p l e	1. Employees lack knowledge on Islamic laws/practices.	3.34	Very Serious
	2. Not giving much importance to Islamic laws/practices.	3.13	Serious
	3. Resistance in strictly abiding Islamic laws/practices.	3.10	Serious
	4. Lack of control on the misconduct/unethical manner.	3.17	Serious
	Over-all Weighted Mean of People	3.19	Serious
P r o c e s s	1. Halal procedures are not strictly and completely followed.	2.81	Serious
	2. Not well-oriented and familiar with halal procedures.	3.14	Serious
	3. Lack training on halal standards and procedures.	3.41	Very Serious
	4. Ignore the importance of halal processes.	2.87	Serious
	Over-all Weighted Mean of Process	3.06	Serious
P E h v y i s d i e c n	1. Unavailability of halal certified equipment and facilities.	3.29	Very Serious
	2. The cost of halal certified equipment/facilities are high.	3.49	Very Serious
	3. Lack of control on the display/view obscene images.	3.06	Serious
	4. Lack of knowledge on the proper use of Islamic objects.	3.34	Very Serious

a c 1	Over-all Weighted Mean of Physical Evidence	3.30	Very Serious
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Table 1. Problems and Challenges on the Marketing Mix of Halal Food Manufacturers

In terms of the specific challenges and problems in the 7Ps, indicator on place relating to the lack of control in the segregation of halal and non-halal food products is considered to be the most serious problem with a weighted mean of 3.86. It is also followed by another related problem on place pertaining to the selling of halal with non-halal products of the distributors with a weighted mean of 3.82. The problem on the segregation and distribution of halal products has also been encountered by the manufacturers in other Muslim countries as cited in the study Mahidin, Saifudin and Othman (2017).

Some of the very serious challenges and problems are also encountered in the other elements of the marketing mix. A problem on price pertaining to higher prices of halal with a weighted mean of 3.81 is likewise assessed to be very serious. Another two problems on price evaluated to be very serious are the non-compliance of distributors to the suggested retail price with a weighted mean of 3.71 and the view of consumers towards price to be unreasonable with a weighted mean of 3.70. These challenges/problems may not only be true to halal manufacturers but even to other type of producers especially in times of inflation (Villanueva, 2018).

Remarkably, a problem on establishing integrity of company's product (3.35) and gaining consumer trust on promotion (3.3) are also very seriously encountered. These mentioned problems were caused by existence of fake halal products and issues on non-compliance on some halal. Other problems and challenges are also found to be serious. These problems have also been noted in the study of Omar et al. (2013).

Moreover, an indicator on product element relating to the difficulty in segregating halal and non-halal ingredient is also found to be a very serious problem with a weighted mean of 3.30. As discovered in the other variables of the study, some of the halal certified food manufacturers are also manufacturing non-halal products. Thus, difficulty in separating halal with non-halal materials is a challenge. All other challenges and problems under product element are also assessed to be serious. These include the misuse of halal logo and label, difficulty of sourcing halal ingredients, lack of integrity in the halal certification, and products lack innovation due to insufficient training.

Finally, very serious problems are also encountered on process and physical evidence which pertain to the lack of training on halal standards and procedures; high cost and unavailability of halal certified equipment/facilities; lack of knowledge on the proper use of Islamic objects; and lack of knowledge on Islamic laws/practices. It should be noted that most of these problems were also highlighted in the report of the Muslim Mindanao Halal Certification Board in 2010.

Conclusion

The assessment revealed that Halal food manufacturers have truly encountered a lot of problems and challenges on the implementation of their marketing mix. It is evident that most of the problems and challenges are seriously encountered. Thus, manufacturers should carefully review the findings of the study and critically evaluate the causes of the problems and challenges, and then take necessary actions to address the concerns so compliance to Islamic standards are ensured on their operation.

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