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## NATIONAL LEVEL SEMINAR

### ON Globalization & Branding

(12<sup>th</sup>, 13<sup>th</sup> & 14<sup>th</sup> Feb. 2015)

## Conference Proceedings

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B.C.U.D. Savitribai Phule Pune  
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Rayat Shikshan Sanstha's,  
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Shrirampur- 413709, Dist. Ahmednagar.

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**C. D. Jain College of Commerce, Shrirampur  
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## BRANDING AND MARKETING IN GLOBAL ISLAMIC PERSPECTIVE

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- **Abstract :**

From a market perspective it is always good to give consumers what they really want, and it would be incorrect to think that Islam as a religion does not influence the needs and wants of its followers. The Western branding and marketing managers fully understand the main markets they normally deal with, but Muslim markets have never been properly addressed either in Muslim majority or minority countries. The opening up of Muslim markets and the rise in immigration of Muslims to Western countries as significant and growing minorities means that their needs can no longer be ignored. The question of segmenting markets based on religion is always a thorny one, and most of the executives and brand managers I have met have emphasized that they are not selling a religion; rather, they are seeking to provide a large market population with products and services that have not, in the main, been tailored to satisfy appropriate and relevant consumer needs and wants. Using this wider definition, I am thus not concerned with branding a religion but with the building of brands that appeal to a global religious population. It follows that I am not writing about targeting consumers merely because they belong a specific religion, but am focusing on addressing the needs of a large and growing population segment that is defined by common values and practices.

**KEYWORDS :** Islamic Branding & Marketing, Market Segmentation, Challenges & Opportunities,

- **Introduction :**

While many countries and companies continue to make a mad dash to China and India to develop their businesses and grow their brands, the single biggest market in the world has been largely overlooked. Bound together by a widely shared set of values, Muslims represent nearly 1.6 billion of the world's population. This market provides a source of huge potential for brands from the West and brands from Muslim countries and is on a steep growth path. By 2030, the global Muslim population is expected to increase at a rate of 35 per cent, rising to 2.2 billion, or 26.4 per cent of the world's total projected population of 8.3 billion. Also by 2030, 79 countries are expected to have a million or more Muslim inhabitants, as opposed to the current number of 72. A majority of the world's Muslims (over 60%) will continue to live in the Asia-Pacific region, while about 20% will live in the Middle East and North Africa. Muslims will remain relatively small minorities in Europe and the Americas, but will constitute a growing share of the total population in these regions. Throughout the Middle East, Asia, Africa, and Europe in Islamic majority and minority countries there is escalating



business activity, with Islamic trade currently assessed in trillions of dollars. This huge market has snagged the attention of many Western multinationals. For example, Nestle is now manufacturing many of its brands using Halal processes and is working with Halal accreditation agencies to fast-track growth in Islamic markets.

*Firstly*, Western branded products are often not compliant with Islamic Shariah law and therefore are not considered to be Halal. While this does not affect some categories such as luxury cars or fashion accessories, it does impact on categories such as hospitality, food and beverage, pharmaceutical, cosmetics and medical products, and some services.

*Secondly*, the growth of the educated middle class in Muslim minority and majority cultures and countries has created an impetus to developing indigenous businesses, products and services that are competitive with the long established and accepted brands.

*Thirdly*, from a national perspective, Muslim governments would like to see their local brands going global because they know how powerful brands can be in terms of economic contribution, and how they shape national images. In particular, they have noticed that the cultivation of intangible assets, such as strong brands, is seen as an essential feature of mature, stable, and growing national economies.

*Fourthly*, and importantly, many Muslim countries want to diversify their business interests and rely less on narrow resource-based industries, such as energy, which have finite supplies.

- **Objectives & Methodology of the Study**

Objectives of the study are, to focus on the opportunities and challenges over Islamic branding and marketing, performance of Islamic companies regarding global branding and to highlight market segmentations. The study is based on the secondary data. As the nature of the study is theoretical, we review the existing available literatures like published books, journals, magazines and research works related to the conceptual, theoretical and foundational framework of Islamic branding and Marketing.

- **Market Segmentation In Islamic Regime :**

Here are some examples of the similarities and differences across global Muslim markets that influence branding and marketing strategies.

- **Similarities**

- Common faith, values and identity as Muslims
    - Similar dietary requirements (Halal)
    - Similar lifestyle requirements (finance, education, entertainment etc.)
    - Strong sense of community and welfare

- **Differences**

- Diverse locations
    - Multiple languages and dialects

- Various cultural and lifestyle differences
- Varying degrees of Islamic religiosity
- Varying degrees of education, affluence and marketing sophistication

The implication of this lack of uniformity is that, although a global brand strategy may be created with a universal value proposition, brand managers and marketers will be forced to adopt multiple marketing strategies in order to build international brands in a variety of countries that appeal to Muslims. Adding to the complexity of the market situation is the fact that much of the world's Muslim population is relatively poor and situated in developing economies. Marketers should bear this in mind, but they should also consider that as economies develop and populations gain in spending power then so do the opportunities for branding and marketing. For instance, the most populous Muslim minority country is India with around 161 million Muslim people, and as more of these people enter India's middle class their spending power increases as does their desire to purchase brands. Other countries such as Bangladesh, a large Muslim majority country, are not yet at this stage of development. Opportunities at the luxury end of the market are more confined to elite cadres in Muslim majority countries, especially in the Gulf. Marketers thus need to search for markets in stages of development that may suit their products, and understand what drives consumer behaviour in those segments. Governments also need to understand different markets so that they can encourage and assist the right industries for the future. Clearly, careful research is needed in order to fully understand Muslim markets, especially in the field of consumer behaviour. Nevertheless, there are a huge number of opportunities that marketers can pursue across all categories, and from a brand management perspective, the global Muslim market can be considered to be a lifestyle market as Islamic values and practices heavily influence the daily lives of all Muslims.

- **Challenges for Brands in Islamic Arena**

Although differing in size and behaviour across the world, Muslim markets provide many business opportunities across all product and service categories, including the following.

- **Food and beverage:** The global Halal food market is estimated to be worth approximately USD 650 billion annually, and represents a major opportunity for companies to go international and global. Some companies from Muslim countries are trying to develop their own brands and some Islamic governments are assisting places and destinations to do the same. However, at present many of the branding opportunities are being taken up by global Western brands such as Nestle.
- **Education:** There is an explosion of Islamic educational institutions at primary, secondary and tertiary levels as the figures for Islamic youth increase. By 2050, it is estimated that Muslims will account for 60% of the world's population under the age of 18. The youth market represents a massive future prospect, and yet although young people are exposed to information from all over the world with the expansion of the Internet, research suggests they tend to still keep their Islamic values.

- **Tourism and hospitality:** Islamic travel, tourism and leisure form another segment of the Islamic market that offers products and services to both Muslims and non-Muslims. From tourist destinations in the Middle East to Halal airlines and fully Halal hotels and resorts, there is something for everyone, and most Muslim majority countries are trying to cash in on the growth of tourism and tourism-related travel. Pure Islamic tourism and hospitality is growing slowly but surely as companies such as Al Jawhara Group of Hotels and Apartments comply with Shariah law throughout all their operations.
- **Medical, pharmaceutical, cosmetics and personal care:** This promises to be another large growth area in the global Islamic market. For many Muslims who want to comply with Shariah law and consume only what is Halal, there is a growing industry in generic medical, pharmaceutical, wellness and healthcare products that do not contain non-compliant substances such as certain animal-based gelatines. The growth of this category, spurred on by newly created Halal standards and accreditation facilities, has meant that some countries such as Malaysia are strategically earmarking companies manufacturing medicines, pharmaceutical and cosmetics products for special assistance in building their businesses and marketing their products.
- **Entertainment:** Art, sports and entertainment can be enjoyed by anyone and there are hundreds of television channels throughout the world dedicated to the Muslim consumer, varying in content usually, but not always, by country. Even in Muslim minority countries entertainment brands are emerging, for instance, Islam Channel in the UK.
- **Internet and digital products and services:** The Internet, media and digital products area provides arguably the most exciting of the opportunities available to those wishing to serve Islamic markets. Muslims can now find digital libraries, digital art and photography and other products. Global brands also see the market potential in digital space. For example, mobile phone manufacturer LG launched handsets in August, 2009 with a number of special features, including a Qiblah indicator, and prayer time alarm functions as well as Quran software, the Hijiri calendar and a Zakat calculator. And the growth of the networked society presents many opportunities in the area of social media, where brands such as Muxlim.com, probably the world's largest Muslim lifestyle media company, are emerging and growing, helping individuals and businesses to connect with each other in, and understand, Muslim markets.
- **Financial products and services:** Over the last twenty years there has been a proliferation of banks offering Islamic finance, and countries such as Malaysia, Singapore, Hong Kong, London, and others are competing to capitalize on this trend and become regional Islamic finance hubs. Following the recent global recession, issues regarding lack of trust in the conventional banking system have added impetus to the growth of Islamic finance. While the breakdown of the conventional global finance between 2007 and 2009 caused havoc in most countries, the Islamic finance industry in general was relatively unaffected, although there were some sukuk (Islamic bond) defaults in places such as Dubai. This resilience of

Islamic finance has led some players and observers in the industry to call it 'ethical finance'. The continued rapid growth of Islamic finance is also partly due to the fact that it is based on principles that are accepted widely by non-Muslim as well as Muslim consumers. Research carried out at Saïd Business School, University of Oxford, discovered that many banks offering Islamic finance products are attracting many more non-Muslim new customers than Muslims. HSBC's Amanah product portfolio and Standard Chartered's Saddiq bank are among Western brands that are building a strong following in both segments with their Islamic products. And pure Islamic banks such as Saudi Arabia's Al Rajhi Bank are also successfully adapting their promotional strategies in different countries, attracting different cultural and non-Muslim audiences. Islamic finance remains a small percentage of the global financial industry, but fast growth is continuing and there is plenty of room for product innovation.

- ***Lifestyle and fashion products:*** In addition to the categories of lifestyle media magazines and beauty products, the world of Islamic clothing and fashion has started to blossom globally, offering women a vast array of products that combine fashion with Islamic principles. There are also new products that are more recreational in nature such as the 'burqini' swimwear. It is interesting to note that an increasing number of Western brands are already providing products in many categories alongside brands that are indigenous to Muslim majority countries. They have succeeded to date because of their global brand awareness and reputation. What they must do is understand the local context within the markets they are in. However, for companies from Muslim countries there are different challenges to tackle before they can take advantage of these opportunities.

- **Marketing Opportunities in Islamic Branding**

One of the most fundamental obstacles to the growth of brands from the Muslim world is simply how they can achieve brand awareness and gain consumer preference for their brands when established Western brands have already achieved strong brand equity and loyalty. Linked to this challenge is the issue of how to gain access in cluttered markets. In order to become successful as an international brand, especially in fast-moving consumer and retail goods, it is important to get critical mass in terms of distribution. In established markets this can be difficult. Gaining shelf space in supermarkets located in major cities is tremendously difficult for smaller brands, where large companies dominate consumer 'eyeballs'. For example, in the USA Halal food products are outnumbered by Kosher products in supermarkets by a ratio of 86:1, and 16% of Muslims buy Kosher food as they cannot get access to Halal food.

In entering new markets, brands need acceptability by consumers, especially with respect to the country-of-origin. The country-of-origin effect can be highly influential when it comes to consumer purchase decisions. In the absence of powerful branding, consumers are very risk-averse, and tend not to buy products from countries about which they have doubts or prejudices. Some Islamic brands might run foul of the 'country of origin' issue. Mention

'Islam' in the West and a negative reaction often kicks in. The biggest educational challenge for marketers of brands from Muslim countries is to move consumer attention away from where products have come from to what they are actually are and the qualities they possess. The management of perceptions is a vital branding skill. There is a parallel here with the shift in consumer perceptions which has been achieved regarding the label, 'Made in Japan' since World War II. Immediately after the War that label meant cheap copies of Western products; now it connotes high tech products of high quality and reliability. China is currently going through that same process. Muslim brand owners thus have to take decisions whether or not to play up or down the country-of-origin of their products, and determine what national associations might transfer to their brand images. Only then can a company prioritise, create, and tailor its campaigns accordingly, and negative perceptions can be successfully avoided with carefully planned communications strategies.

A further challenge arises when building international brands in Halal-related categories such as food, as companies have to produce products and services that are of top quality and acceptable to their intended markets. There are two aspects to this, the first of which is that for brands to do well in Halal markets they have to possess the correct accreditation from the relevant authorities. This can be problematic in international marketing as there is no one globally acknowledged accreditation system, and what is acceptable as Halal in one Muslim country may not be approved by the authorities in others; in fact, there are well over a hundred Halal accreditation systems in existence today, with many conflicting standards. The second issue is that Halal accreditation is not always connected to product quality, and in some countries, despite government support, many companies from Islamic countries have not made it to the international stage because their products only satisfied the accreditation part of the criteria, and not the quality criteria demanded by foreign markets. Achieving this combination of gaining proper accreditation and meeting international quality standards is imperative.

The final challenge is competitive attack from major Western brands that have moved quickly and deeply into these markets with powerful positioning, strong brand names, good value propositions, and that are already known and respected both globally and in the Muslim world. The success of big brands in Muslim markets is not because they possess technical superiority in their products, although they do meet very high quality and accreditation standards, but because their brand names are so well known and trusted that success is almost guaranteed.

- **Performance Of Islamic Companies In Global Branding**

The above challenges lead some people to say that companies from Muslim majority countries will find it difficult to build international and global brands, especially in those markets already dominated by powerful global brands. There is some truth in these comments, but the very nature of today's fast-changing business world may help brands from Muslim countries, as it is widely acknowledged that business success increasingly depends on



innovation, speed, and agility. There is no shortage of Muslim business leaders with the vision necessary to harness technology and innovative ideas, both of which are freely available, and global niche markets exist for those who can move in quickly. Speed and agility are not strengths possessed by many of the existing global giants, and there are always segments in markets where needs and wants are not catered for by large global corporations. Muslim CEO's must therefore use market dynamics to exploit the relative weaknesses of the power brand companies, leverage on their knowledge about the Muslim consumer, and establish new and innovative niche market brands that can travel across different countries and cultures.

## ● CONCLUSION

The global Muslim market represents enormous opportunities for companies from any country, whether Islamic or non-Islamic, but all face challenges. Western brands have the marketing and branding expertise but often lack the cultural awareness and local knowledge to penetrate Islamic markets successfully. They have to work harder with local market research and accreditation agencies. Companies from Muslim countries have an array of branding opportunities, ranging all the way from products to companies and organizations and even national identities, and their advantage lies in their understanding of what Muslims want. But they admit to not having enough branding and marketing knowledge and skill to do the job properly and executive education is a key priority for them. Some Islamic companies actually acquire Western brands to fast track their brand management expertise, as was the case with Ülker foods, a company from Turkey that bought Godiva Chocolatier. My view is that these challenges will be overcome on both sides. Western brands are already moving ahead with some force and the huge multinationals will undoubtedly continue to gain market share if they learn to understand Islamic values, and there are early signs of success that brands developed in the Muslim world are quickly gaining experience in international marketing. There is no doubt in my mind that the next wave of brand development and success will come from the global Islamic market.

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