

Analysis of Sharia Marketing Strategies on The Growth of Halal Product Exports in Indonesia

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Abstract: This research uses a qualitative method with a descriptive narrative approach to understand the existing situation through an inductive thinking process. The focus of this study is to integrate Islamic principles into sharia marketing strategies for halal product exports in Indonesia. The research method involves an in-depth literature review, including analysis of verses from the Qur'an, hadiths, and relevant regulations issued by the Indonesian Ulema Council (MUI). The research process includes identifying issues, determining subjects, and reflecting on the research results. The findings show that effective sharia marketing strategies can enhance consumer appeal and trust in halal products. Although halal products meet the halal standards according to Islamic law, it is important to consider the implementation of these strategies in the context of international markets. This study emphasizes that marketers of halal products need to pay attention not only to the halal aspect of the products but also to the impact of ethical and transparent marketing practices in building consumer trust.

Keywords: Sharia Marketing Strategies, Exports, Halal Products.

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1. Introduction

The halal industry in Indonesia is currently experiencing rapid growth, driven by an increase in consumer awareness regarding the importance of halal products. In global trade, halal products play a significant role, especially due to the rising demand for halal goods in various international markets. Indonesia, as the country with the largest Muslim majority, holds substantial potential in exporting halal products. According to data from the State of the Global Islamic Economy Report (SGIE) produced by DinarStandard (Dinarstandard, 2023), the global halal market is projected to grow to \$2.4 trillion by 2024, with increasing demand from countries with predominantly non-Muslim populations, such as the United States, Brazil, and Japan. This presents a significant opportunity for Indonesia to strengthen its position as a major exporter of halal products.

The Indonesian government has taken various steps to strengthen this sector, one of which is through the implementation of the Halal Assurance System (SJH) supervised by the Halal Product Assurance Agency (BPJPH) in accordance with Law No. 33 of 2014 on Halal Product Assurance. This initiative aims to ensure that halal products produced domestically not only meet national standards but also fulfill global market expectations rationally (Mastuki, 2021).

Despite its vast potential, Indonesia's performance in the global halal market remains unsatisfactory (Qoni'ah, 2022). Although it has the largest Muslim population in the world, Indonesia has yet to become the largest exporter of halal products globally. The Minister of Trade has stated that Indonesia's halal export performance still lags behind other countries (Kemendagri, 2016). For example, in halal product exports, Indonesia ranks 20th in the world with a market share of only 1.86% (Kemendagri, 2020).

Several challenges hinder the growth of halal product exports from Indonesia, one of which is the lack of knowledge about international markets (Supiandi et al., 2022). Many business actors, especially from the MSME sector, do not yet understand the dynamics and characteristics of the target market, including consumer preferences, regulations, and applicable standards. This results in difficulties in adapting products and marketing strategies appropriately.

Therefore, effective strategies are needed to market halal products in international markets, one of which is through sharia marketing. Sharia marketing strategies involve integrating sharia principles into every aspect of marketing, such as product development, promotion, distribution, and pricing (Arifin and Prawiro, 2022). This strategy not only focuses on halal compliance and adherence to sharia principles but also emphasizes technological innovation, cultural factors, ethics, and standardization

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efforts that support the growth of this industry within the context of an economy based on sharia values (Ernayani and Firman, 2024). By applying this approach, it is hoped that Indonesian halal products can be more widely accepted in the global market and compete with halal products from other countries.

Previous research by Zahrianti and Fadly (2022) shows that the implementation of sharia marketing strategies in halal product exports from Indonesia is significantly influenced by consumer awareness of sharia principles. Additionally, external factors such as recommendations from reference groups, such as friends and family, also play an important role in the purchasing decisions for halal products. This research provides a deeper understanding of the factors influencing purchasing behavior for halal products in international markets and offers a more effective approach to reach this market segment. Furthermore, research by Rosyanda (2022) explains that the presence of halal labels on products not only provides positive value but also creates significant opportunities to influence consumers' purchasing decisions. Purchasing decisions are often initiated by perception, where consumers select, organize, and consider the products they will consume. After this perceptual process, trust and attitudes related to halal labels emerge. Ultimately, this trust and these attitudes will influence consumers' purchasing decisions.

Moreover, it is essential to understand that sharia marketing strategies do not only focus on the halal aspect of the product but also emphasize ethical values and social responsibility in line with Islamic teachings (Hanum et al., 2023). By implementing this strategy, it is hoped that Indonesian halal products can gain wider acceptance in the global market and contribute to the overall growth of the sharia economy.

Given the significant growth of the sharia economy and the increasing demand for halal products, particularly in Indonesia, which has the largest Muslim population in the world, it is crucial to understand the impact of implementing sharia marketing strategies in halal product exports. This research also provides a better understanding of how appropriate marketing strategies can influence consumers' decisions to purchase halal products, as well as how this approach aligns with the sharia principles established in government regulations and MUI fatwas. It is expected that this research can offer in-depth insights into the relationship between sharia marketing strategies and the success of halal product exports in international markets, as well as provide practical guidance for business actors in developing halal products that better meet consumer needs in various countries.

2. Materials and Methods

This research is based on qualitative research aimed at understanding the existing situation through an inductive thinking process (Hasan et al., 2022). In conducting the research, the author explores the situation and context of the raised theme. Researchers are expected to remain focused on the realities or events within the context being studied (Rukin, 2019). Using a descriptive narrative approach, which is a form of qualitative research that focuses on exploring and understanding individuals' life experiences through narrative construction, this study aims to describe how sharia marketing strategies can be applied in halal product exports.

By focusing on the analysis of sharia marketing strategies, the author will explore various perspectives and experiences related to the implementation of these strategies in the context of exports. Data will be collected through an in-depth literature review and case analysis to obtain a comprehensive understanding of the sharia marketing strategies that have been implemented (Iba and Wardhana, 2023). Thus, this research aims to provide deeper insights into the effectiveness of sharia marketing strategies in enhancing the competitiveness of Indonesian halal product exports in international markets.

This study uses verses from the Qur'an and hadith as sources of procedural frameworks for the pillars and validity of worship when using halal products. This indicates that the research is conducted to integrate Islamic principles into halal product innovation. Relevant verses and hadiths are utilized as guidelines in formulating sharia marketing plans. This research also leverages data related to the potential Muslim population in Indonesia and the MUI Fatwa No. 11 of 2020, which outlines the importance of halal labeling in building consumer trust. The study delves deeper into the relationship between halal product innovation and the validity of worship, as well as how sharia marketing strategies can influence the success of Indonesian halal product exports in the global market.

3. Results and Discussion

The halal industry in Indonesia is experiencing significant growth, particularly in the context of halal product exports. The Muslim population in Indonesia constitutes the majority of the total population, accounting for 87% of the total population or approximately 236.53 million people (Wahyudi, 2023).

Halal products are those that meet the requirements of halalness according to Islamic law and provide safety guarantees for consumers (Faridah, 2019). Thus, sharia marketing strategies play a crucial role in enhancing the appeal and success of halal product exports in the international market.

Exports are an international trade activity where one country sends goods or services to another country (Putra et al., 2023). In the economy, exports play an important role, such as increasing national income, expanding market reach, and strengthening inter-country relations (Nasir and Sari, 2015). Specifically for halal products, exports provide significant opportunities for Indonesia as one of the countries with the largest Muslim population in the world. The benefits of exporting halal products include expanding international market share, increasing foreign exchange, creating jobs, and supporting national economic growth. Additionally, exporting halal products also enhances Indonesia's reputation as a producer of safe, high-quality products that adhere to sharia principles, which are sought after by consumers worldwide (Istiqlal, 2023).

In the Qur'an, the importance of consuming halal products is expressed in Surah Al-Baqarah, verse 168, which states.

Meaning: "O mankind, eat from whatever is on earth that is lawful and good, and do not follow the footsteps of Satan. Indeed, he is to you a manifest enemy".

This verse emphasizes that Muslims are commanded to choose food and products that are halal and good, reflecting the principles of cleanliness and safety. Halal products that meet hygiene and safety standards have a broader appeal in international markets, both in Muslim and non-Muslim countries. With the increasing global awareness of the quality and safety of halal products, Indonesia has the opportunity to leverage these principles to expand halal product exports, providing global consumers with assurances about the quality and halalness of the products they consume.

Additionally, the Prophet Muhammad (SAW) also said in a hadith reported by Muslim.

Meaning: From Abu Abdillah an-Nu'man bin Basyir (may Allah be pleased with them), he said: I heard the Messenger of Allah (peace be upon him) say: "Indeed, the halal is clear and the haram is clear, and between them are ambiguous matters that many people do not know. Whoever protects themselves from the ambiguous matters (shubhat) has certainly preserved their religion and honor, and whoever falls into the ambiguous will eventually fall into the haram, like a shepherd grazing around a forbidden area, who is likely to enter it.

Know that every king has a boundary that is prohibited. Know that the boundaries set by Allah are the things He has forbidden. Know that there is a piece of flesh in the body; if it is good, the whole body is good, but if it is corrupt, the whole body is corrupt. Know that this piece of flesh is the heart". Narrated by al-Bukhari and Muslim.

This hadith explains the importance of guarding oneself against doubtful (shubhat) matters and maintaining a person's moral and spiritual integrity. The Messenger of Allah (peace be upon him) emphasizes that the laws of halal and haram are clear, but between them lie ambiguous matters that many people do not know for certain. Those who can avoid shubhat matters have indeed preserved their religion and honor, while those who fall into doubtful matters risk falling into haram actions. This hadith also underscores that the halalness of a product is not only about legal permission but also encompasses the moral and ethical values expected in every product consumed.

Halalness has economic and functional values that become important criteria in the segmentation of Muslim consumers. For non-Muslim marketers, halal certification is a necessity (Legowati and Albab, 2019). However, for Muslim marketers, halalness is considered mandatory (Nur, 2021). Nonetheless, the strong connection with Islamic principles will undoubtedly give halal products greater value for Muslim consumers. To capitalize on this marketing opportunity, segmentation can be conducted from the micro to the macro level.

According to Ma'ruf Amin in the KSP Report (2023), the consumption of halal products and services is expected to increase by about 15% by 2025. This indicates that more countries are

recognizing and accepting Indonesian halal products in international markets. Therefore, it is crucial for Indonesian producers to have halal certification so that the products produced not only comply with sharia standards but also compete in a global market that increasingly acknowledges the value of halal products.

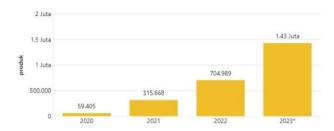


Figure 1. Halal Product Certification Count (2020-2023)

Figure 1 shows that an increasing number of products in Indonesia have obtained halal certification for marketing their products. This is due to the growing awareness of the community regarding halal labels (Izzudin, 2018). Muslims worldwide are becoming more sensitive to the halalness of the products they consume, both in terms of raw materials and production processes (Adiba et al., 2023). This is indicated by the rising demand for halal products in international markets, including in Indonesia, where 87% of the population is Muslim (Warto and Samsuri, 2020). Furthermore, better education and information about halal products have positively impacted consumer behavior, leading them to prioritize halal products in their purchases (Alviah and Handayani, 2018). With this growing awareness, producers in Indonesia are expected to take advantage of existing market opportunities to expand their range of halal products.

Guided by the teachings of the Al-Qur'an and hadith, it emphasizes that the halalness of a product is not only related to religious aspects but also encompasses quality and ethics. In addition to halal certification, halal labeling on packaging plays a crucial role as it provides consumers with certainty about the halalness of the product. Consumer knowledge regarding halal products also plays a significant role in helping them make decisions that comply with sharia. The production process, from raw materials to distribution, must ensure halal compliance. These factors give Indonesian halal products a competitive advantage in the global market and can significantly support their export growth.

Previous research by Hervina et al. (2021) indicates that consumer awareness of the halalness of products significantly influences purchasing decisions, especially among Muslims. Additionally, Widyaningrum (2016) also emphasizes that halal labels provide positive value that can influence consumer behavior. Both studies support the argument that halal products not only meet religious needs but can also enhance competitiveness in the global market. In other words, halal products have great potential to become the primary choice for consumers seeking quality and trust in the products they purchase.

Strengthening sharia marketing strategies will provide various benefits for entrepreneurs, especially in enhancing the appeal of halal products in international markets. By integrating sharia principles into every aspect of marketing, companies can build a positive image and increase consumer loyalty (Sumadi et al., 2021). Furthermore, effective sharia marketing strategies can also open opportunities to reach a broader market segment, including non-Muslim consumers who increasingly value ethical and sustainable principles. Thus, the implementation of sharia marketing strategies will not only strengthen the position of halal products in the domestic market but also expand market share at the global level.

4. Conclusion

This study reveals that the halal industry in Indonesia shows significant growth, especially in the context of halal product exports. With a Muslim population reaching 87%, the demand for halal products is increasing each year. Halal products, which comply with Islamic principles and provide safety guarantees for consumers, have become a primary choice for international buyers. However, even though these halal products meet halal requirements, marketers must still consider ethical values and sustainability in their marketing strategies to enhance product appeal.

This study has several limitations that need to be noted. First, this research focuses solely on sharia marketing strategies in the halal industry without comparing them to non-sharia marketing strategies or

other halal products that may have different compositions. Second, this research does not explore the psychological and social aspects of Muslim consumers regarding the use of halal products, which could provide deeper insights into consumer preferences and behaviors. Third, this study does not involve empirical testing regarding the impact of using halal products in the context of worship, so there may be perspectives missing in analyzing the effectiveness of the products.

There are several directions that can be taken to expand and deepen these findings. First, further research could include a comparative analysis between halal and non-halal products to understand the differences and similarities in composition and their impacts on Muslim worship. Second, in-depth research on the psychological and social impacts of using halal products on Muslim consumers could provide further insights into consumer motivations and satisfaction. Third, conducting clinical trials to ensure that cosmetic products do not obstruct the process of wudhu would be very useful, especially for waterproof products. Finally, expanding the research to include perspectives from various schools of thought regarding the use of halal products in the context of worship would help halal product manufacturers develop products that better meet the needs of all Muslim consumers.

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