Halal food on the Dutch market

A business opportunity for Dutch suppliers

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Table of contents

1 Introduction

During my traineeship (September - April 2005) I was asked to do research on the halal pastry market in the Netherlands, Belgium, France and the United Kingdom. As I researched this market so thoroughly I decided to bundle all this knowledge in my final report in a much broader perspective: whereas during my traineeship I studied the halal pastry market in particular, this report researches the whole halal food market.

Another reason for choosing this topic is that nowadays the Halal food market is a hot item. In newspapers or in specialist literature one often comes across headings like:

ETNOMARKETING

Het blijft de moeite lonen om Turken, Marokkanen, Surinamers en Antillianen (TMSA in onderzoektaal) voorlopig afzonderlijk te blijven marketen. Vooral de jongere nieuwe Nederlanders vormen een aantrekkelijke bron van inkomsten voor het bedrijfsleven. 1.

Winkelen voor allochtonen is lastig, omdat het assortiment onvoldoende op hen is gericht. 2.

Nieuwe Nederlanders: 'doe groepenbeleid gewenst' 3.

In 2010 naar verwachting twee miljoen niet-westerse allochtonen 4.

Etno-marketeer laat kansen liggen

Motivaction trekt conclusies na 15 jaar onderzoek:

'Supers zijn bang voor allochtone klant'

AMSTERDAM – 'Supermarkten jagen allochtone klanten de winkel uit. Ze lijken wel bang voor deze groep.' 5.

Allochtonen positief over geldzaken

Een meerderheid van de allochtonen is positief over de eigen financiële situatie. Dat blijkt uit een onderzoek van het onderzoeksbureau Motivaction. 6.

Reading all these slogans companies might start wondering if they also might reap the rewards of the halal market. By means of this report I would like to help companies with this question.

Thus, the main question for this research is as follows:

Does the Dutch halal food market offer business opportunities for Dutch suppliers?

Sub-questions are:

What exactly is Islam and what is halal?

What is the halal certification process?

Who would be the customer that buys halal food?

What does the halal market in the Netherlands look like?

1 Etno marketing, the new young generation Dutch people form an important source of income
2 Shopping for foreigners is difficult, as the assortment is not adapted to their needs
3 New Dutch people: target group policy required
4 Etno marketer misses opportunities
5 Supermarkets are afraid of foreign customer
6 Foreigners are positive about financial matters

Who will be the competitors in this market?

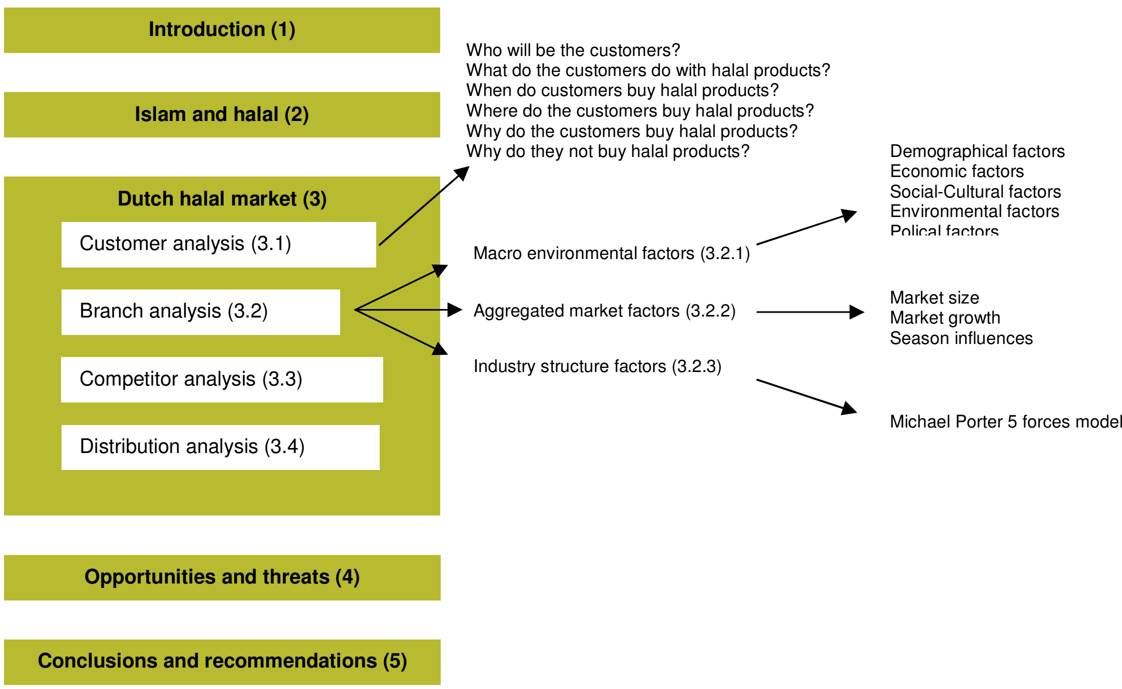
What are the opportunities for distribution?

Research method

The method of research that is used is desk research. Since this report gives an overview of the halal market this report is a collection of a broad range of literature.

Preview of chapters

The figure below shows the structure of the report.



In order to understand the Dutch halal market the second chapter is dedicated to the definitions: Islam, halal and the halal certification process.

Chapter three will provide an answer to the sub-questions. An analysis is done of the customer of halal food (3.1). This research is based on several questions, which are displayed in the figure above. In the second section (3.2) the branch of halal food is analysed. This section comprises the macro environmental factors, the market factors and the industry structure factors. After the branch analysis the competitors will be analysed in section 3.3. Finally, we will have a look at the distribution of halal food (3.4).

Chapter four will identify the opportunities and threats, which will arise from the customer analysis, the branch analysis, the competitor analysis and the distribution analysis.

Finally, chapter 5 will provide an answer to the main question of this research: *Does the Dutch halal food market offer business opportunities for Dutch suppliers?* Chapter 5 also contains a summary and recommendations.

2 Islam and Halal

In order to understand the halal market in the Netherlands this chapter contains a description of the words Islam and halal. What do these words mean and how do they affect the daily life of a billion people in the world? Besides that, the halal certification process will be explained. At the end of the chapter an outline will be given of the suppliers of halal food in the Netherlands.

2.1 Islam

“Islam is the religion of one billion people from a vast range of races, nationalities and cultures across the globe. About 18% live in the Arab world; the world's largest Muslim community is in Indonesia; substantial parts of Asia and most of Africa are Muslim, while significant minorities are to be found in the Soviet Union, China, North and South America, and Europe.” (Islamicity.com, 2005, “Understanding Islam and the Muslims”). According to CBS on January 1st 2004 there are approximately 945,000 Muslims in the Netherlands. This accounts for 5.8% of the total Dutch population and it is expected that the number of Muslims will increase further.[7] According to a conservative estimation there are about 5,000- 10,000 Dutch people who converted to Islam so far.[8]

Islam was founded by Muhammad in Arabia in the early 7th century AD. The Arabic word Islam means “submission”—specifically, submission to the will of the one God, called Allah in Arabic. Islam is a strictly monotheistic religion, and its followers, called Muslims, regard the Prophet Muhammad as the last and most perfect of God's messengers. The sacred scripture of Islam is the Qur'an, which contains God's revelations to Muhammad. The sayings and deeds of the Prophet recounted in the Sunna are also an important source of belief and practice in Islam. The fundamental concept in Islam is the Shari'ah, or Law, which embraces the total way of life commanded by God. [9] The Five Pillars of Islam are the five obligations that every Muslim must satisfy in order to live a good and responsible life according to Islam.[10] The following figure shows these five pillars.

> Figure 2.1 The five pillars of Islam

- Shahadah: declaration of faith
- Salat: ritual prayer 5 times a day
- Zakat: giving a fixed proportion of their income to charity
- Sawm: fasting
- Hajj: pilgrimage to Mecca

Source: *Religion and ethics, Islam.* BBC website

7 CBS (2004) *Bijna een miljoen Moslims in Nederland.*
8 Muhammad Yahya (2005) *Spoedcursus Islam.*
9 Britannica Concise Encyclopedia (2005) *Islam.*
10 BBC website (2005) *Religion and ethics, Islam.*

2.2 Halal

Halal has both a general and specific meaning. In Arabic-speaking countries, the term halal is used to describe anything permissible under Islamic law, in contrast to Haraam, that which is forbidden. This includes behaviour, speech, dress, and manner.

In non-Arabic-speaking countries, the term is most commonly used in the narrower context of Muslim dietary laws, especially where meat and poultry are concerned.[11] In this research the narrower definition of halal will be used.

The information below is based on "General Guidelines for Use of the Term Halal" (CAC/GL 24-1997 1) issued by the Secretariat of the Joint FAO/WHO Food Standard Programme (1999).[12]

Conditions:

Halal food is defined as food permitted under the Islamic Law. Besides this, halal food should fulfil several conditions which are depicted in the following figure.

> **Figure 2.2** Halal conditions

1. The food does not consist of or contain anything which is considered to be unlawful according to Islamic law;
2. The food has not been prepared, processed, transported or stored using any appliance or facility that was not free from anything unlawful according to Islamic law;
3. The food had not in the course of preparation, processing, transportation or storage been in direct contact with any food that fails to satisfy 1 and 2 above.

Source: *General Guidelines for Use of the Term Halal.* FAO/WHO 1997.

Although there are strict conditions, halal food can be prepared, processed or stored in different sections or lines within the same premises where non-halal foods are produced, provided that necessary measures are taken to prevent any contact between halal and non-halal foods. Next to that, halal food can be prepared, processed, transported or stored using facilities which have been previously used for non-halal foods provided that proper cleaning procedures, according to Islamic requirements, have been observed.

11 Wikipedia encyclopedia (2005) *Halaal.*
12 Food and agriculture organization of the UN (1997) *General guidelines for the use of the term "Halal".*

Criteria:

Under the Islamic law, all sources of food are lawful. Exceptions comprise the sources, including their products and derivatives that can be found in the figure below.

> Figure 2.3 Unlawful products

1. Food of animal origin
   - 1.1 Pigs and boars.
   - 1.2 Dogs, snakes and monkeys.
   - 1.3 Carnivorous animals with claws and fangs such as lions, tigers, bears and other similar animals.
   - 1.4 Birds of prey with claws such as eagles, vultures, and other similar birds.
   - 1.5 Pests such as rats, centipedes, scorpions and other similar animals.
   - 1.6 Animals forbidden to be killed in Islam, i.e., ants, bees and woodpecker birds.
   - 1.7 Animals which are considered repulsive generally like lice, flies, maggots and other similar animals.
   - 1.8 Animals that live both on land and in water such frogs, crocodiles and other similar animals.
   - 1.9 Mules and domestic donkeys.
   - 1.10. All poisonous and hazardous aquatic animals.
   - 1.11. Any other animals not slaughtered according to Islamic Law.
   - 1.12. Blood.

2. Food of plant origin. Intoxicating and hazardous plants except where the toxin or hazard can be eliminated during processing.

3. Drink
   - 3.1 Alcoholic drinks.
   - 3.2 All forms of intoxicating and hazardous drinks.

4. Food additives. All food additives derived from item 1, 2 and 3.

Source: *General Guidelines for Use of the Term Halal.* FAO/WHO 1997.

Zabiha:

Islamic Law also regulates the slaughtering procedure of lawful animal, this is called Zabiha. The requirements the slaughtering process has to meet are depicted in figure 2.4.

> Figure 2.4 Requirements slaughtering process

1. The person should be a Muslim who is mentally sound and knowledgeable of the Islamic slaughtering procedures.

2. The animal to be slaughtered should be lawful according to Islamic Law.

3. The animal to be slaughtered should be alive or deemed to be alive at the time of slaughtering.

4. The phrase "Bismillah" (In the Name of Allah) should be invoked immediately before the slaughter of each animal.

5. The slaughtering device should be sharp and should not be lifted off the animal during the slaughter act.

6. The slaughter act should sever the trachea, aoesophagus and main arteries and veins of the neck region.

Source: *General Guidelines for Use of the Term Halal.* FAO/WHO 1997.

2.3 Halal certification process

In the Netherlands there are two Halal certification companies that are both nationally and internationally recognised, namely Halal Correct Certification and Halal Voeding en Voedsel. The fact that these two companies are internationally recognised means for the companies who apply for the halal certification that once the certificate is issued, the halal certificate is valid in the whole world.

Figure 2.5 shows how the Halal certification process in general works[13].

> Figure 2.5 Halal certification process

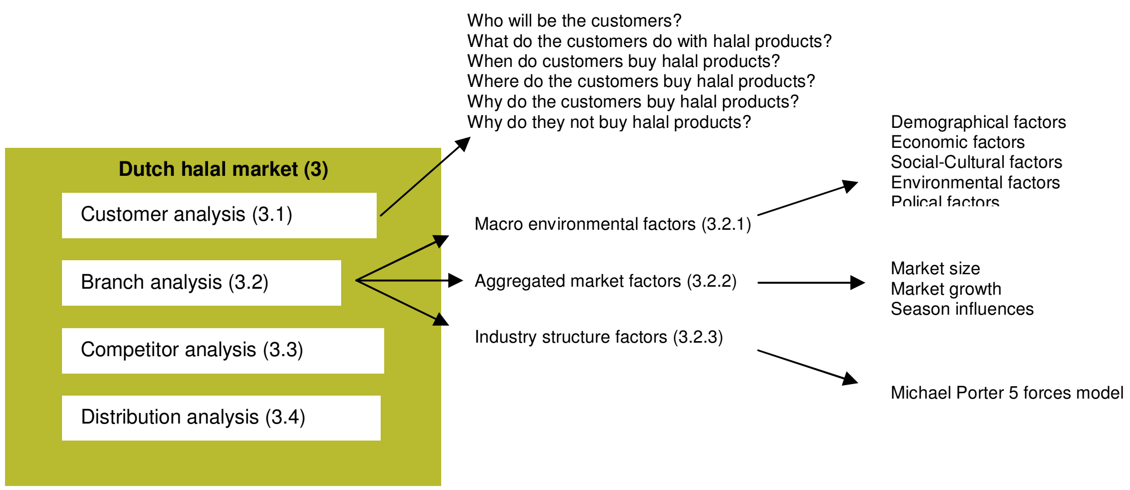
Source: Halal Correct Certification brochure 2004

After having applied for a Halal certification, the Halal certification company evaluates the documentation. The preceding investigation comprises an inspection of the facility, and a review of the process, products, materials and sanitation. As a result of this investigation and the provided information an agreement is set up. The costs of certification depend on the number and complexity of the products and breadth of the market coverage. On the basis of the work plan the implementation is examined. Finally, when the product receives an approval the product can be labelled as a halal product. A halal certificate is issued either one year or for each batch produced depending on the type of product.[14]

13 Halal Correct Certification (2004) *Halal*.
14 Website of Islamic food and nutrition council of America (1999-2005) *Halal certification procedure*.

3 The Halal market

This chapter contains an overview of the Halal market in the Netherlands. The first section describes the customers of halal food suppliers. After the customer analysis the branch of halal food is analysed in the second section. This section is followed by a description of the competitors in this market in the third section. Finally the distribution is examined. The structure of chapter three is visualised as in the figure below.



Since the Muslim community in the Netherlands consists for over three quarters Turkish and Moroccan people[15] these groups will be researched in detail.

3.1 Customer analysis

<u>Who will be the customers?</u>

In this research the customers are suppliers of halal food. These suppliers can be divided into three categories:

- Hotel and catering industry
- Wholesale
- Retail industry

The consumers of halal food are Muslims and Dutch people who choose to eat halal food.

[15] CBS (2004) *Bijna een miljoen Islamieten in Nederland.*

What do the customers do with halal products?

There are two situations possible:

- Customers purchase food components and or additives;
- Customers purchase ready for use products.

In the first situation the customer uses the halal product to make his own final product. For instance, the Islamic baker who uses halal gelatine for making pastry products. In the second situation the halal product is directly sold to the consumers. An example for this is the supermarket, who sells halal meat to its customers.

When do the customers buy halal products?

In the Muslim family the man is the person who goes shopping. Tradition does play a role in this, but the high unemployment rates under Turkish and Moroccan men play a bigger role. Because the men are at home, shopping is done more than one time a week.[16] So, Muslims visit supermarkets more often than autochthon people.

Special Islamic festivals also influence the consumption of halal food. There are two festivals in particular that increase the demand of halal food:

- *Id-ul-Adha*

  On this day about one billion Muslims in the world celebrate the sacrifice festival. It is to remember, when Abraham was going to sacrifice his son to prove his obedience to God.[17] On this day Muslims sacrifice animals which have been deemed halal, or fit for sacrifice. They not only eat the meat themselves but distribute it amongst their neighbours, relatives and the poor and hungry.[18]

  The coming dates of the Id-ul-Adha festival are as follows:

  31st December 2006

  20th December 2007

  9th December 2008

- *Id-ul-Fitr*

  Id-ul-Fitr means the 'festival of breaking the fast'. The fast of Ramadan is broken with special prayers and festivities. As Muslims have not eaten for 30 days they celebrate Id-ul-Fitr with an abundance of food. On these three days there is an increase in demand of halal food products.

  The coming dates of the Id-ul-Fitr festival are as follows:

  13th October 2007

  2nd October 2008

  21st September 2009

So, during these festivals more demand for halal products can be expected.

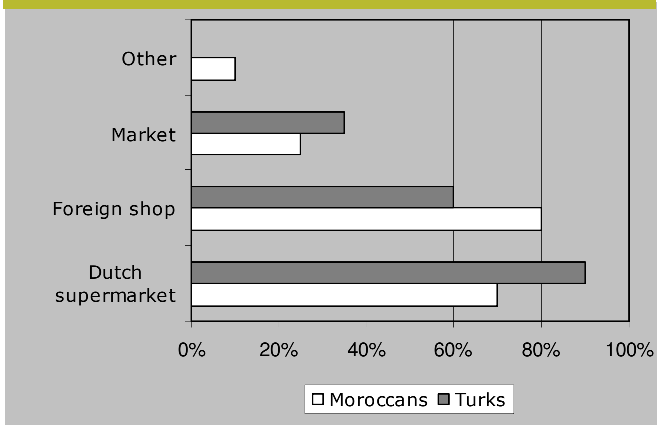
16 Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends*.
17 BBC Guides: Religious festivals (2005) *Eid ul-Adha.*
18 Wikipedia encyclopaedia (2005) *Eid ul-Adha.*

Where do the customers buy halal products?

The halal products for the hotel and catering industry, the retail industry and the wholesalers are either sold with the help of an intermediary, or the products are directly sold to the customer.

The Islamic consumers make use of other sales channels than autochthon people do.[19] The figure below shows the places of purchase of the daily shopping.

> Figure 3.1 Places of purchase daily shopping in % (Two possible answers)



Source: Spending pattern of foreign households in the four big cities; Nibud 1997

From figure 3.1 appears that the Dutch supermarket is the most important place of purchase. Besides the supermarket many purchases are made in foreign shops. Yet, the place of purchase depends on the sort of product. In general many Turks and Moroccans buy their fresh products in foreign shops. For fresh products Muslims do not visit the supermarket frequently. However, when they do the relative expensive supermarket Albert Heijn is mentioned the most.[20] Fresh products though can be sub-divided again.

Table 3.1 shows several fresh products and their place of purchase. The total score is made up of the sum of all ratings:

0	=	+0 points
++	=	+2 points
+	=	+1 points
-	=	-1 point
--	=	-2 points

[19] Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*
20 Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*

> Table 3.1 Places of purchase for daily articles according to origin in comparison to Dutch people

	Product	Supermarket	Dutch shop	Foreign shop	Market	Not bought
Turks	Bread	o	--	++	o	o
Moroccans		o	--	+	o	++
Turks	Pastry/ candy	+	-	O	o	o
Moroccans		+	o	O	o	-
Turks	Meat	--	--	++	o	o
Moroccans		--	--	++	o	o
Turks	Drinks	++	-	O	o	o
Moroccans		+	o	O	o	o
Turks	Vegetables/ fruit	-	--	O	++	o
Moroccans		-	--	O	++	o
Turks	Milk/ Dairy products	+	--	O	o	o
Moroccans		o	-	O	o	o
Turks	Dried legumes	+	o	++	o	--
Moroccans		--	o	++	o	--
Turks	Packed products	+	o	O	o	o
Moroccans		o	o	O	o	o
Turks	Baking products	++	o	O	o	--
Moroccans		-	o	++	-	--
Turks	Fish	o	-	O	++	-
Moroccans		o	-	O	++	--
Turks	Total	+5	-11	+6	+4	-8
Moroccans		-3	-8	+7	+4	-8

o= between 10% lower and 10% higher than average Dutch consumer
++ = 20% more than average Dutch consumers
+ = 10%- 20% more than average Dutch consumers
- = -10%- -20% less than average Dutch consumers
-- = -20% less than average Dutch consumers

Source: Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*

The table shows clearly that particular products like meat, bread and dried legumes are mainly bought in foreign shops. The market is mainly visited to buy fish, fruit and vegetables. Moroccans still bake bread themselves. Figure 3.2 makes this clear: in comparison to Dutch people Moroccans buy bread less frequently, but on the other hand they more often buy baking products. As expected, Moroccans and Turks buy their meat mostly at foreign shops since the meat has to be ritually slaughtered. They also buy meat at slaughterhouses which is not visible from this figure.[21]

The table dates from 1985, so describes the place of purchase of daily articles of the first generation Turks and Moroccans. Though, the second generation buys increasingly more products at supermarkets. As there are many two-earner families among the second generation they have the need for convenient products. Supermarkets react to that by offering halal products to this growing target group.[22]

[21] Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*
[22] Trouw (2005) *Allah's zegeningen de supermarkt; Moslims willen absolute zekerheid over de herkomst van de vleesproducten.*

Why do the customers buy halal products?

There are two different types of consumers. Though, they could overlap when buying halal food.

- Muslims
- Autochthon people

The first group consumes halal products because the products fit the Islamic diet.

Autochthon people consume halal products too. According to trend consultant Anneke van Ammerlaan, foreign shops are the specialty shops of the future. The broad assortment in these shops and the personal attention one gets is very attractive to people. Besides that, halal food is popular among autochthon people because of practical reasons. Decontamination of chicken for example could be done easily by washing the meat with lemon or vinegar and salt. Finally, there is a culture change with a strong craving for sharing things together. This changed consumer style prefers natural ingredients above compound ingredients and attaches much value to extensive dining, which both belongs to the Islamic culture.[23] So one can conclude that autochthon people not necessarily consume halal food because of religious reasons.

Why do they not buy halal products?

According to the Islamic law every Muslim has to eat clean food. When a Muslim consumes halal products he wants to be sure that the product is 100% halal, if he has even little doubt he must not consume the product according to the Islamic law. Therefore, suppliers of halal products must label their products with a halal certification hallmark. Next to that, the communication towards the Islamic consumer has to be adapted in order to gain confidence.[24]

Dutch people might not buy Halal food because they are unfamiliar with the food. Engel Foreign Food[25] thinks that autochthon people are going to play a big role in the foreign food market. To increase the consumption of foreign food with autochthon people, the company prints recipes on the label of several foreign products in order to make the Dutch people familiar with ethnic food.[26] The second reason for not buying halal food is that autochthon people might be against the ritual slaughtering process.

23 Verheul, Jeroen, Agrarisch dagblad (2005) *Invloed allochtonen op voedsel groeit.*
24 Trouw (2005) *Allah's zegeningen de supermarkt; Moslims willen absolute zekerheid over de herkomst van de vleesproducten.*
25 Engel Foreign Food is a company that is engaged with import and distribution of food aimed at Turkish, Moroccan, Surinam and Antillean people in the Netherlands.
26 Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*

3.2 Branch analysis

The halal industry is analysed by examining the following factors:

- Macro environmental factors
- Market factors
- Industry structure factors

3.2.1 Macro environmental factors

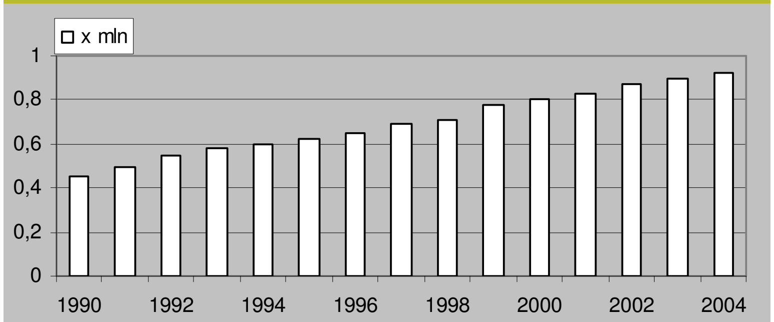
Demographical factors

According to last figures, of January 1, 2004 approximately 945 thousand Muslims lived in the Netherlands. In 1990 only less than half a million Muslims lived in the Netherlands. Turks and Moroccans form over two third of the total Muslim population in the Netherlands.[27]

Muslims represent 5.8 per cent of the total population on January 1, 2004. It is expected that the number of Muslims will increase further. In 2006 there will be over 1 million Muslims in the Netherlands.[28]

Figure 3.2 shows the number of Muslims in the Netherlands from 1990 to 2004.

> Figure 3.2 Muslims in the Netherlands
January 2004



Source: Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*

Muslims who originate from Turkey form the largest group Muslims (328,000). Muslims who originate from Morocco form the second largest group (295,000). Together they form over a two third of Muslims in the Netherlands.

The Dutch Office for National Statistics offers a broad range of data based on the country of origin. However, there are only few official statistics based on religious groups within the Dutch community. Because of this, data based on the country of origin will be used for analysing the Islamic community in the Netherlands, in this case Turkish and Moroccan people.

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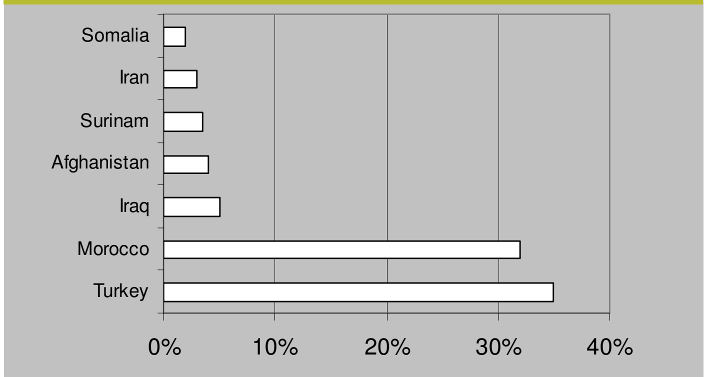
27 Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*
28 Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*

Figure 3.3 shows the composition of the Muslim population in the Netherlands.

> **Figure 3.3** Muslims according to country of origin January 1, 2004



Source: Tas, Ron (2005) *Bijna een miljoen Islamieten in Nederland*

Age distribution

The age distribution of the Turks and Moroccans shows a pattern that is characteristic of their migration history.[29]

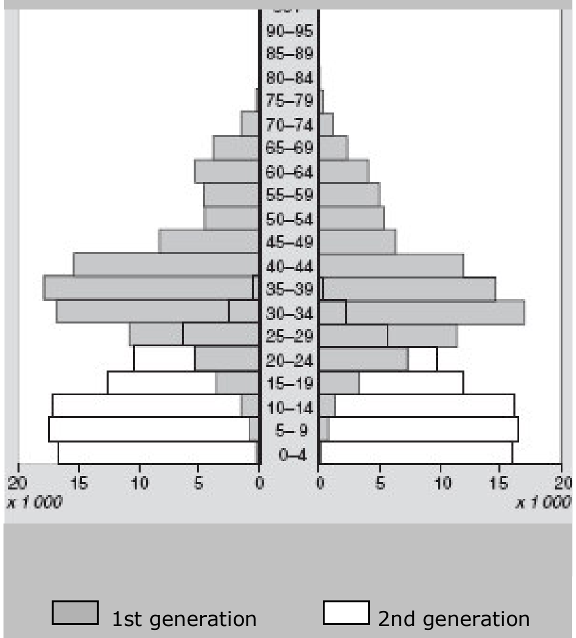
In the sixties the economy in the Netherlands was booming. Besides that, after World War II the service industry grew enormously. The average education level rose and in this way there was a lack of workers for doing unskilled work. The Dutch government decided to make recruitment agreements with several countries, including Morocco and Turkey that had a surplus of workers. The demand from these countries was so high that many people migrated straightaway.[30]

The original motive for work migration is visible in the figures through the large amount of men with a current age of around 60. There are many men and women with an age of around 30 because of the migration that followed. Many of them have already started a family, which is visible in the figure through the high amount of children of the second generation. Under Moroccans this pattern is even more outspoken: the Moroccans are younger than Turks and have more offspring in general. This is also the reason for the enormous growth under the Moroccan population in the Netherlands.[31]

Figure 3.4 and 3.5 show the age distribution of Turks and Moroccans on January 2005.

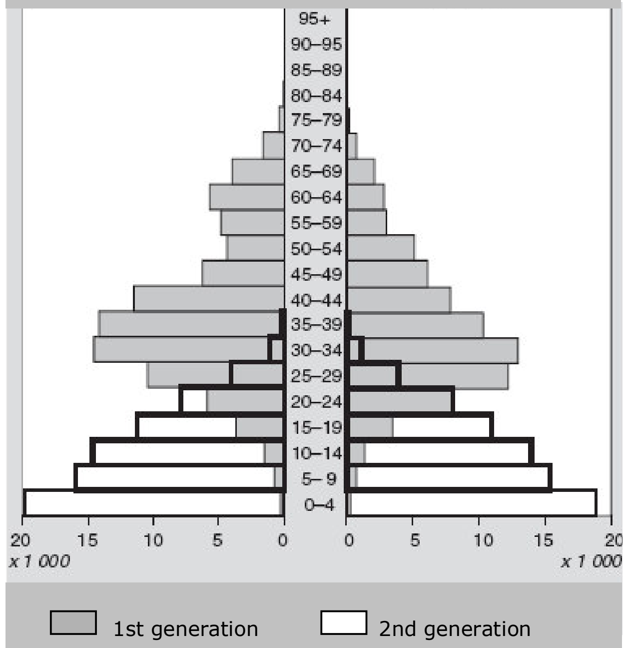
[29] Garssen, Joost a.o. (2005) *Demografie van de allochtonen in Nederland.*
[30] Verheggen, Pieter Paul a.o. (2001) *Nieuwe Nederlanders.*
[31] Garssen, Joost a.o. (2005) *Demografie van de allochtonen in Nederland.*

> Figure 3.4 Age distribution Turks
January 2005



Source: CBS (2005) *Demografie van de allochtonen in Nederland*

> Figure 3.5 Age distribution Moroccans
January 2005



Source: CBS (2005) *Demografie van de allochtonen in Nederland*

Growth

At the moment Turks and Surinamese form the biggest group of non-Western foreigners. It is expected that the Turkish population increases faster than the Surinamese population. Reason for this is that the number of Turkish immigrants is higher. Besides that, the Turkish family has more offspring than the Surinamese family. So from this one can conclude that both the first and second generation Turks still increases in the future.

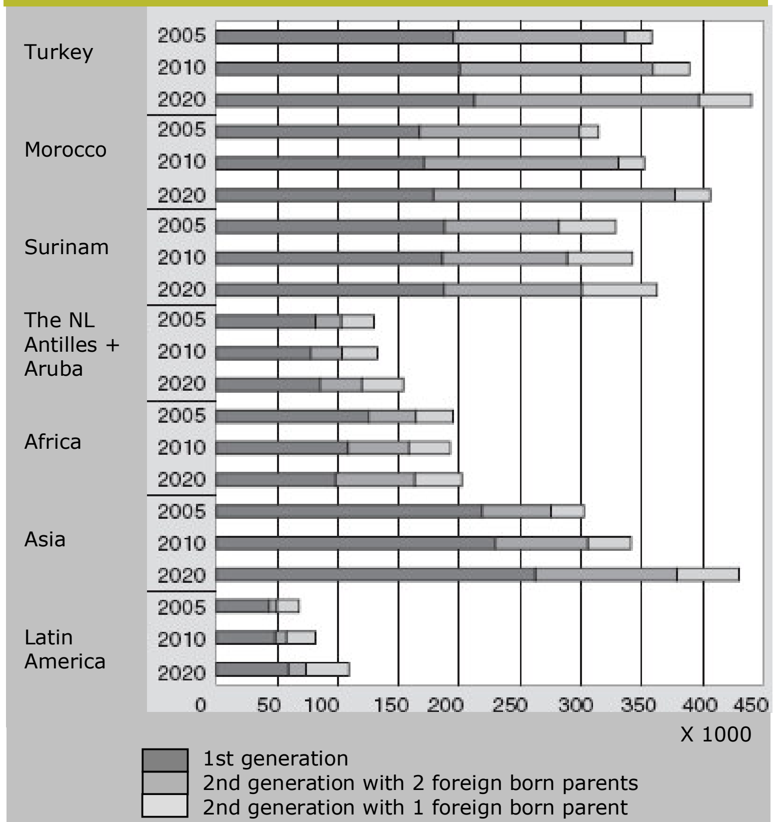
From the four biggest groups the Moroccan population increases the most. This growth accounts for the second generation Moroccans; from the four biggest groups it is expected that Moroccans women will have the most offspring in the future.

In 15 years the Turks will still form the biggest group among the non-Western population, but the number of Asians will be bigger than the number of Surinamese and Moroccans. The high rise of the number of Asians is mostly the result of immigration.[32]

Figure 3.6 shows a prognosis of the non-Western foreigners for the years 2005, 2010 and 2020.

[32] Garssen, Joost a.o. (2005) *Demografie van de allochtonen in Nederland.*

> **Figure 3.6** Prognosis of Non- Western foreigners, 2005, 2010, 2020



Source: CBS (2005) *Demografie van de allochtonen in Nederland*

Geographic distribution

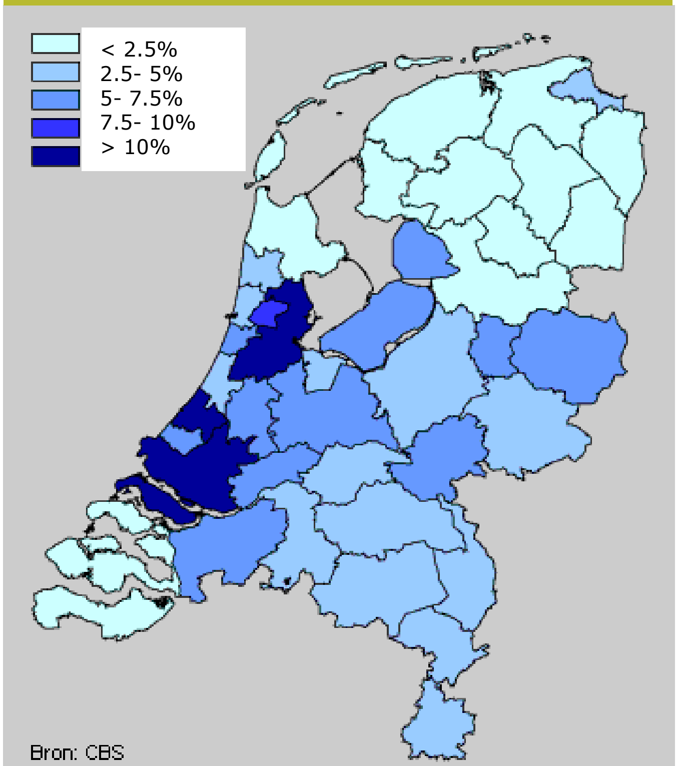
There are large regional differences in the number of Muslims throughout the country. In the COROP-areas[33] that include big cities one can find the highest percentage of Muslims. In Amsterdam 13 per cent of the population is Muslim, in The Hague 11.4 per cent and in Groot-Rijnmond 10.2 per cent. These areas are followed by Zaanstreek with 9 and Utrecht with 7.2 per cent.

The lowest percentages are found in the North- East. In Friesland and Drenthe Muslims constitute only less than 2 per cent of the population.[34]

Figure 3.7 shows the geographical distributions of Muslims in the Netherlands.

[33] The division of the Netherlands into 40 COROP areas is designed around 1970 by "Coördinatie Commissie Regionaal Onderzoeksprogramma". These COROP areas are addible into provinces.
[34] Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*

> Figure 3.7 Share of Muslims per COROP-area
January 1, 2004



Source: Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*

<u>Economic factors</u>

Unemployment

The unemployment rates under non-Western foreigners (16%) are more than three times higher than under autochthon people (5%).

Among the four biggest groups foreigners the Moroccans have the highest unemployment rate. The unemployment rate under Moroccan women is lower than that of the Moroccan men. This is because of the low participation of Moroccan women; when they do not feel privileged, they do not seek actively for a formal job.

In comparison with autochthon people the unemployment rate among Turks is three times higher. Comparatively there are many Turkish women who have no work.

Table 3.2 shows the unemployed labour force[35] by ethnic groups and sex in percentages.

[35] The unemployed labour force comprises people between 15-65 who do not have a paid job for more than 12 hours a week, who seek actively a job, but who can not find one.

> Table 3.2 Unemployed labour force by ethnic group and sex 2003, 2004
In %

	Total	Men	Women
Turks	14	12	18
Moroccans	22	24	19
Surinamese	12	10	13
Antilleans	16	16	15
Yugoslavians	20	20	21
Iraqis	39	40	31
Afghans	37	34	50
Iranis	25	25	25
Somalis	36	34	44
Other non-Western foreigners	18	20	16
Total non- Western foreigners	16	16	15
Autochthon people	5	4	6

Source: CBS (2005) *Jaarrapportage integratie*

Income

Given the hard physical work the Turks and Moroccans did after the war it is not surprising that this group is more often disabled than autochthon people. However, the share of Turks and Moroccans that are retired is much lower than that of autochthon people because of the young age distribution.[36]

The high degree of inactivity, the fact that foreigners still have low paid jobs, and dependence of social security benefit among Turks and Moroccans are all reasons for having a lower income than the average autochthon people.[37]

The table below shows the average standardised net income[38] per household by ethnic group.

> Table 3.3 Average standardised net income per household by ethnic group, 2003
(x 1000 euro)

Turks	13,6
Moroccans	13,2
Surinamese	15,8
Antilleans	13,8
Other non-Western foreigners	13,3
Total non-Western foreigners	**13,9**
Autochthon people	**20,1**

Source: CBS (2005) *Jaarrapportage integratie*

[36] Verheggen, Pieter Paul a.o. (2001) *Nieuwe Nederlanders.*
[37] CBS (2005) *Jaarrapportage integratie*
[38] The net income is the gross income minus the paid conveyances and the wage, income and capital tax. The paid conveyances consist of premiums. In order to compare incomes from households of different sizes and compositions, the income is standardized.

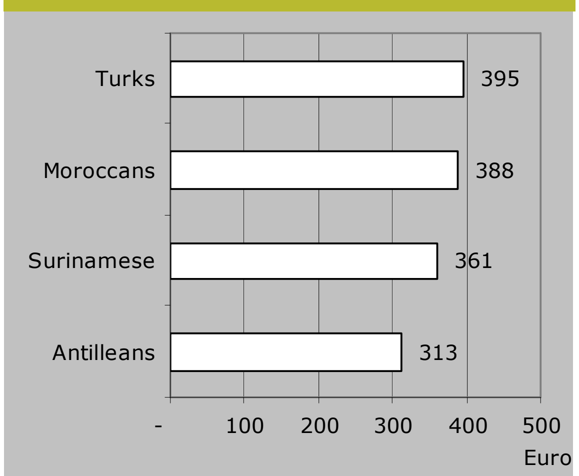
Food spending

In a research from NIBUD[39] spending on food and snacks are a part of the denominator "Domestic spending". Spending on smokers' requisites, cleaning, personal care, domestic service, pets etc. is also found in this category.

In all likelihood spending on food has the highest share in this category. As showed in figure 3.8 Turks and Moroccans spend most on this item. Autochthon people families spend approximately 25% of their income on food and Turks and Moroccans 27% and 29.5% respectively.

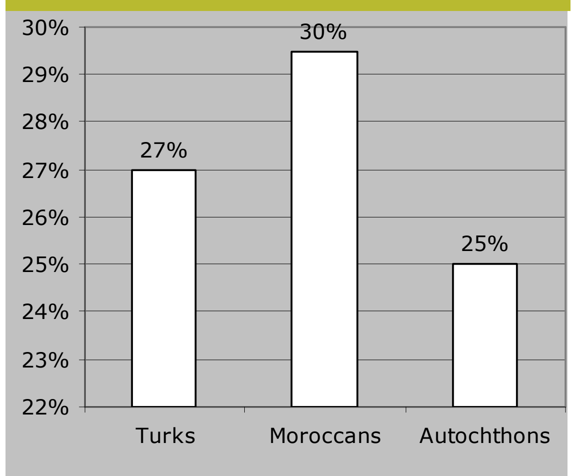
Turks and Moroccans spend a higher share of their income on meat than Surinamese, Antillean and autochthon people consumers. This is because Turks and Moroccans are mostly Muslim and therefore do not eat pork meat, which makes them spend more money on expensive sorts of meat. Turks and Moroccans also spend more on vegetables and fruit than the other ethnic groups. Spending on dried legume products like rice, couscous and beans among the four ethnic groups are higher than autochthon people.[40]

> Figure 3.8 Domestic spending per month in euros



Source: Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders.*

> Figure 3.9 Domestic spending as percentage of net income



Source: Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders.*

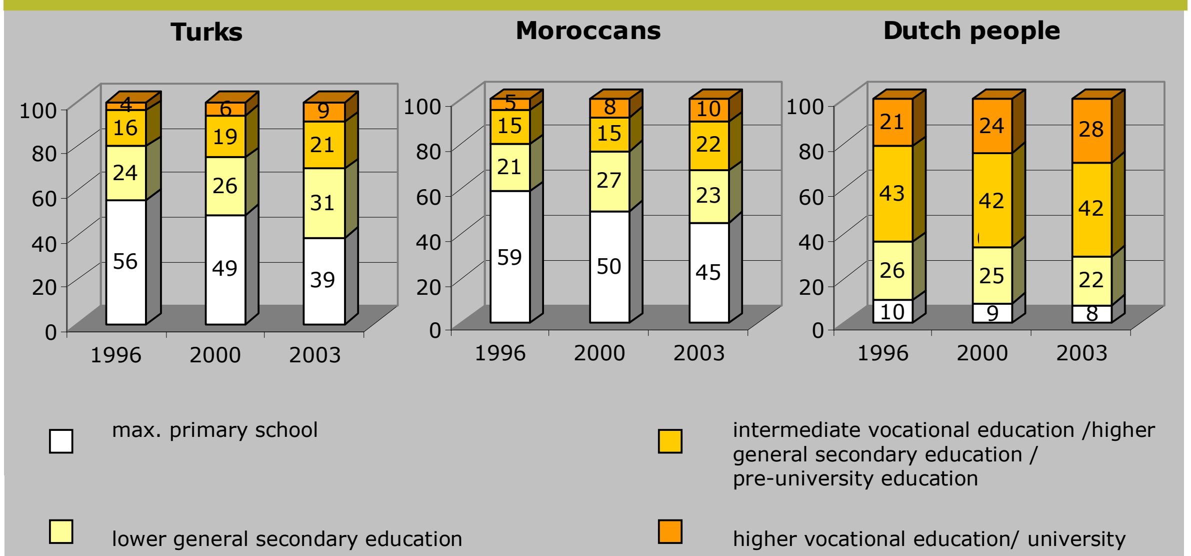
[39] National Institute for Budget Information.
[40] Mulder, Sibolt and Kleef, Pia van (1998) *Etnomarketing, nieuwe Nederlanders: feiten, cijfers en trends.*

<u>Socio-economic factors</u>

First VS second generation Muslims

As a result of a different past the attitudes of the first[41] and second[42] generation differ. The first generation came to the Netherlands as foreign labour and was raised in either Turkey or Morocco. The second generation was born in the Netherlands and was raised by both the Islamic and Dutch culture. The second generation is also more assertive than the first generation. This could be explained by the increase of the education level. Nowadays there are many two-earner families among the young generation. In the past, there were only large Muslim families, nowadays Muslim men and also women are well educated and choose for a career.[43] Figure 3.10 shows this strong progression in education level among Turks and Moroccans. In 1996 56% of the Turkish population had only obtained primary school. Eight years later this decreased to 39%, a decrease of 17%. Among the Moroccan population a decrease of 14% is slightly lower.[44]

> Figure 3.10 The education level of non- schoolgoing persons
In %



Source: CBS (2005) *Jaarrapportage integratie*

This generation change has led to the new definition: “the Polder Muslim”. The Polder Muslim is a Muslim who is well integrated and has the need for Western products with an Islamic touch.[45] Companies take advantage of this need in tree ways: [46]

[41] Person who is born abroad with at least one foreign born parent.
[42] Person who is born in the Netherlands with at least one foreign born parent.
[43] Trouw (2005) *Allah's zegeningen de supermarkt.*
[44] CBS (2005) *Jaarrapportage integratie*
[45] Foodpress (2002) *Imamin introduceert assortiment Halal vleesproducten in supermarkt.*
[46] Duin, Maartje, NRC Handelsblad (2006). *Moslims zoeken hun eigen gat in de markt wel.*

1. Muslims who start their own company to target this specific group. For example driving schools for Muslimas, hairdresser's for Muslimas, and fitness centres for that specific target group.
2. Companies that produce or import Western products for the Islamic customer. An example is the company Masira (Dutch company, Tilburg) that has launched a Muslim mobile phone on the Dutch market in 2005. This phone, the Ilkone i800, can indicate the direction to Mekka, the time for the praying call and has other functions that help Muslims to observe the Koran. [47] Another example of a new product for Muslims that reflects both the Islamic culture and Western culture is the Muslim beer Fayrouz of Heineken, which is of course an alcohol free beer. As a result of the decrease in sales on the beer market Heineken is forced to seek other markets in order to maintain market share.[48] Supermarkets break into this phenomenon by for example offering halal certified meat products. These products are not only foreign products but also typically Dutch products for example smoke-dried beef which is halal certified. [49]
3. Companies who adapt their products for the Islamic customer without losing touch with their autochthon customers. H&M for example does not have a separate Muslima department, however this company is very popular with Muslima's as H&M always has clothes with long sleeves and with specific colour schemes even if this is not a trend. [50] In the field of food the company Haribo offers a range of candies which are halal certified on the British market. On the packaging the consumer can see the halal hallmark as well as the texts: suitable for vegetarians and Kosher. In the Netherlands there are no large companies that provide this information to their customers. Let alone that they certify their products as halal. Rarely, one could find information on a vegetarian diet on the packaging.

> Figure 3.11 Halal Fruity-Bears, Haribo

Source: Mintel, Global New Products Database

As we can conclude from the information above the Polder Muslim forms an interesting target group. However, targeting this group can only be successful if all five P's are well geared to this specific ethnic group. If the marketing mix is carried out careless this works as anti-publicity. Figure 3.12 shows an example of this sort of marketing failure.[51]

[47] Computer Idee, (2005) *Nu ook mobieltje voor Moslim*
[48] Baltesen, Frits, NRC Handelsblad (2006). *Heerlijk, Helder Fayrouz.*
[49] Abcouwer, Caroline (2005) *Moslim is gat in de markt.*
[50] www.haribo.com
[51] Abcouwer, Caroline (2005) *Moslim is gat in de markt.*

> Figure 3.12 Marketing failure

A manufacturer of liquorice made the following commercial:

In a car there are a couple of Moroccan men from the Reef with "Muntdrop" in their pocket. If they want to take it out of their pocket, all liquorice is sticking together. In Berber language they say to each other: "those weird Dutch people".

This commercial has caught on well with the Moroccans. There is only one thing the manufacturer of liquorice overlooked: Moroccans may not eat liquorice!

Source: Abcouwer, Caroline (2005) Moslim is gat in de markt

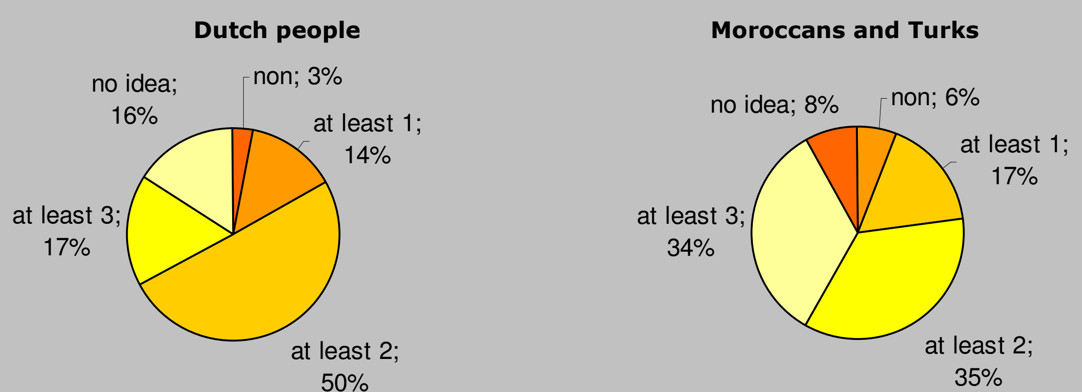
Suspicion from Muslims towards Dutch suppliers

In the field of food communication towards the customer is extremely important. Selling a halal product is only successful if the customer trusts that the product is 100% halal. This trust can be gained by for example purchasing marketing and purchasing expertise from organisations that are familiar with halal food. In this way the right A-brands for the right target group can be provided, the right logistics can be applied, small amounts can be purchased, there are price-off campaigns and demos on the shop floor are looked after.[52] Another way to gain trust is hiring Muslims who are available on the shop floor for questions concerning the halal products.[53]

Family size

In a research of CBS Turkish and Moroccan people between 18-27 years old were asked about how many children they would like to have in the future. In the figure below it is visible that the expected number of offspring with Turks and Moroccans is much more than with Dutch people. The larger families could be a gain for Dutch supermarkets.

> Figure 3.13 Young people without children 18-27, by ethnic group and expected number of children



Source: CBS (2005) *Turks and Moroccans about family and division of tasks.*

[52] Linda Arendsen, Distrifood (2005).*Super ziet handel in Halalproducten.*

[53] Trouw (2005) *Koranteksten en halal producten rukken op in de supermarkt.*

Demand for ethnic products

As a result of a multicultural society people from different ethnicities and religions get in contact with each other. Through the existence of different ethnic stores people consume not anymore their own food but are open for other food as well.

The broadening of the halal market is not only expected through Muslims but also through autochthon people. There is a similar development predicted as with Italian food. Two decades ago Italian food was something special and ingredients could only be bought at delicatessen shops. Nowadays Italian food is adopted in the normal eating habits of autochthon people.[54]

Environmental factors

Fair food

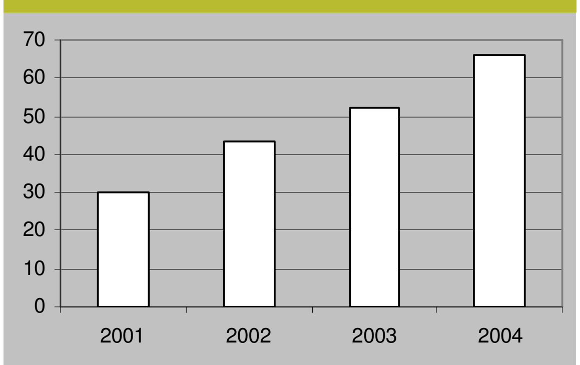
Today's consumer is more aware of the products he buys. Supermarkets react to that by offering organic label foods, environmentally friendly and 'Fair Trade' products. Vegetarian is often as much an animal welfare choice as health issue.[55] Halal food is by some people also seen as fair and healthy food. This is because of the fact that the Islamic slaughter method kills animals in a way in which they only suffer shortly. The slaughtering knife must always be well sharpened and the animal must always be set at ease.[56]

Political factors

Enlargement of the European Union with Turkey

When Turkey joins the EU there are chances for Dutch suppliers of halal food to expand their market. If we look at the export of food from the Netherlands to Turkey in the last five years there is a strong growth visible (see figure 3.14). At the time that Turkey is a member of the EU this growth will become stronger.[57]

> Figure 3.14 Dutch exports from food and living animals to Turkey (x 1000,000 euro)



Source: EVD (2005) *Turkije: Buitenlandse handel*

An important aspect of the accession of Turkey to the EU involves joining the internal market. In particular, Turkey would have to conform to the entire internal market acquis. Fulfilling these criteria will require reforms in Turkey and probably involves short-run costs. In the longer term, it can affect the economies of Turkey and EU via more intense trade relations. The accession to the internal market will increase trade for at least three reasons.

[54] Verheggen, Pieter Paul a.o. (2001) *Nieuwe Nederlanders.*
[55] Evans, Hajj Abdalhamid (2005) *Halal perspectives.*
[56] Teunissen, Jessica (1997) *Wat is "halal"?*
[57] EVD (2005) *Turkije: buitenlandse handel*

First, administrative barriers to trade will be eliminated or at least reduced to levels comparable to those between current EU members. Here, one can think of reduced costs of passing customs at the frontier: less time delays, less formalities etc.

Second, accession to the internal market implies a reduction in technical barriers to trade. The Single Market reduces these by means of mutual recognition of technical regulations, minimum requirements and harmonisation of rules and regulations. Although the customs union between Turkey and the EU has already eliminated some of these technical barriers, it appears that substantial further advances can be made.

Finally, the political and macro- economic stability of Turkey can improve, which for example means a stable exchange rate of the Turkish Lira and less price inflation.

On the basis of estimates for the current trade barriers between the EU and Turkey, it is expected that bilateral trade between Turkey and the EU can increase by around one third once Turkey has become a full member of the single European market.[58]

[58] Centraal Plan Bureau (2004) *Assessing the economic implications of Turkish accession to the EU.*

3.2.2 Market factors

Market size and market growth

Muslims spend more of their income on food than autochthon people do: autochthon families spend approximately 25% of their income on food and Turks and Moroccans 27% and 29.5% respectively. Besides this, there are almost one million Muslims in the Netherlands and it is expected that this number will increase rapidly. [59] So, from this the halal market appears to be a big market now and in the future.

As we look at the (halal) meat consumption of Muslims and Autochthon people in particular, it is remarkable that the meat consumption of Muslims is sometimes even twice as high as that of autochthon people. There are several reasons for this high meat consumption. The first reason is that Muslims feel very strongly about hospitality: they often invite family and friends for diner and as a result they buy meat in large packages. [60] Another reason is that Muslims emphasise the evening meal and so eat few snacks. Finally, meat takes a central position at the evening menu.[61]

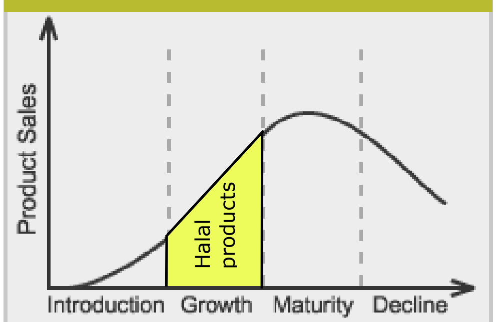
Not only the meat consumption is higher than average, the spending on meat is also much higher. This is because of the fact that Muslims consume more expensive sorts of meat, like sheep's meat, chicken and beef. These sorts of meat cost more than pork, which they do not consume because it is considered to be Haraam.[62] [63]

Product life cycle

If we look at the product life cycle (Figure 3.15) halal products can be found in the growth phase. This is mainly because of the new target group: the Polder Muslims.[64] Nowadays this group is seen as a niche market within the market of halal products. In the past halal products were mainly offered by Islamic suppliers but now there are increasingly more Dutch suppliers who see sales opportunities in this market.[65]

At the time that there are too many suppliers in the halal market this market will get saturated. However, the demand of halal products will not decrease very quickly because for Muslims halal products are the only products that fit the Islamic diet.

> Figure 3.15 Halal product life cycle



Source: QuickMBA *The Product Life Cycle*

[59] Tas, Ron (2004) *Bijna een miljoen Islamieten in Nederland*
[60] Ledegang. Nienke, Trouw (2005) *Allah's zegeningen de supermarkt*
[61] Halalfood.nl *Vleesmarkt in Nederland*
[62] Haraam means forbidden under Islamic law.
[63] Verheggen, Pieter Paul a.o. (2001) *Nieuwe Nederlanders.*
[64] Foodpress (2002) *Imamin introduceert assortiment Halal vleesproducten in supermarkt.*
[65] Linda Arendsen (2005) *Super ziet handel in Halal producten.*

Season influences

Muslims' consummation of halal products is equally spread during the year. However, during the special Islamic festivals "Id-ul-Adha" and "Id-ul-Fitr" there will be an increase in demand, as Muslims celebrate these festivals with a lot of food.

Id-ul-Adha is a festival to remember when Abraham was going to sacrifice his son to prove his obedience to God. On this day Muslims sacrifice animals which have been deemed halal, or fit for sacrifice. [66] They not only eat the meat themselves but distribute it amongst their neighbours, relatives and the poor and hungry.[67]

Id-ul-Fitr means the 'festival of breaking the fast'. The fast of Ramadan is broken with three days of special prayers and festivities. Because Muslims have not eaten for 30 days they celebrate Id-ul-Fitr with an abundance of food. As a result Id-ul-Fitr is known as the most exuberant happening in the Islamic year.

Table 3.4 shows the coming dates of Id-ul-Adha and Id-ul-Fitr. The date of the two festivals depends on the position of the moon so there could be a deviation of two days.

> Table 3.4 dates Id-ul- Adha and Id-ul-Fitr

Id-ul- Adha	Id-ul-Fitr
31st December 2006	13th October 2007
20th December 2007	2nd October 2008
9th December 2008	21st September 2009

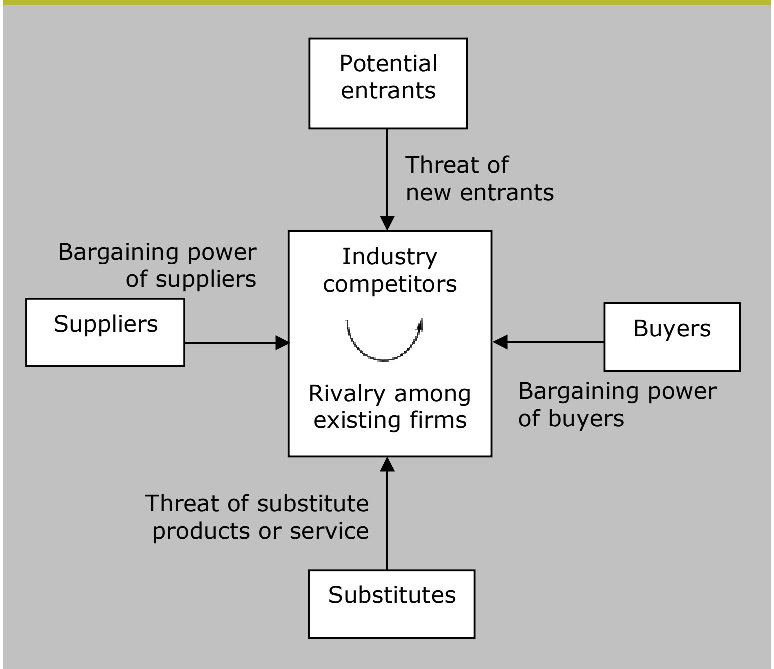
Source: Wereld Feesten Almanak *Islamitische feesten en riten van de jaarcyclus*

[66] BBC Guides: Religious festivals (2005) *Eid ul-Adha*.
[67] Wikipedia encyclopaedia (2005) *Eid ul-Adha*.

3.2.3 Industry structure factors

By using Michael Porter Five Forces Model (see figure 3.16) one could distinguish powers that have influence on the industry structure.[68]

> Figure 3.16 Five Forces Model



Source: Business resource software *Michael Porter's Five Forces Model*

<u>Threat of new entrants:</u>

As the halal certification requires quite high investments it appears that the Halal market is especially attractive to multinational companies, as they can spread the costs of certification. The threat that these companies will enter this market is quite high.

For small companies it is very expensive to invest in the Halal certification. Besides that, they mostly do not have the capacity. So, the threat of small companies that will enter this market is very small.

<u>Threat of substitute products:</u>

If one looks at the total halal market, customers can choose between the Islamic halal products (e.g. specialty shops) and the Western halal products (e.g. supermarkets). In this respect the threat of substitute products is very high, since there are many specialty shops where Islamic halal products are available. If one looks at the market of Western halal products, this threat is very low, as there are not many Dutch companies on this market.

[68] Alsem (2001) *Strategische marketingplanning*

Bargaining power of buyers:

The bargaining power of consumers and retailers becomes increasingly stronger, because the halal food market is a growth market at the moment: there are increasingly more Dutch companies that offer halal products in order to broaden their market. As a result of this trend consumers have a larger choice than in the past.

Besides this, Islamic consumers and retailers do not switch from brand so fast once they have 100% confidence that the product is halal.

Bargaining power of suppliers:

The bargaining power of suppliers is extremely high. When a company wants to produce a halal product, it only receives a halal certificate if the product is halal from the beginning to the end. This means that the raw materials have to be halal certified too. At the moment only few companies are halal certified, so companies are quite dependent on their suppliers. Luckily, there are increasingly more companies that choose to certify their products as halal. As a result one can expect that their power will decrease in the near future.

3.3 Competitor analysis

Since this report is written for all Dutch companies that might want to broaden their market into the halal food market, it is undoable to do a competitor analysis on product form level. This is the reason for doing a competitor analysis on a generic competition level. This means that the Islamic halal food suppliers will be compared with the Dutch halal food suppliers. This will be done by means of a balanced score card. On the vertical axis several aspects that are valued by the customer are summed up. These customer values are estimated, though they are based on all the information in chapter 3.1 and chapter 3.2. The column right of it shows the weight factors. The sum of the scores of each supplier on each aspect leads to an overall score. Each aspect can be rated 1-5. Because the aspects in the left column are valued differently by the first generation and the second generation there will be two different balanced score cards. Figure 3.17 shows the ratings of the first generation Muslims and figure 3.18 will show the ratings of the second generation Muslims.

> Figure 3.17 Balanced score card: first generation Muslims rates Dutch halal food suppliers vs Islamic halal food suppliers.

Measurable strengths	**Weight factor**	**Dutch halal food suppliers**	**Islamic halal food suppliers**
Image	0.30	1/0.3	5/1.5
Price	0.25	3/0.75	5/3.75
Taste	0.20	2/0.4	5/2
Perception of quality	0.15	3/0.45	5/2.25
Convenience	0.10	5/0.5	2/1
Sum of the weights	1.00		
Weighted strengths		**2.4**	**10.5**

The image the first generation Muslim has of the Dutch halal food supplier might be less favourable than the image of the Islamic halal food supplier. This is because the customer has more affiliation with the Islamic supplier as they share the same religion. Therefore the customer might have more trust in the Islamic supplier of the authenticity of halal.

The prices of Islamic halal food suppliers tend to be lower than Dutch suppliers. This is because of the fact that Dutch companies in general spend more on marketing. Besides that, Dutch companies have higher costs on personnel, marketing, research and development etc.

The taste of halal food of Islamic suppliers might faster match the taste of the first generation Muslim. Dutch companies taste's is geared to the Dutch customer.

Since one of the main trends of the Dutch food market is convenience Dutch companies translate this into their products. The Islamic food market chooses more for basic, natural ingredients. Because the first generation Muslims spends much time on cooking, it would prefer the halal food of the Islamic suppliers.

From the point of view of first generation Muslims the quality of products of Islamic suppliers is in general superior to the Dutch suppliers. This is because of the fact that first generation Muslims value the Islamic culture above the Dutch culture.

> Figure 3.18 Balanced score card: second generation Muslims rates Dutch halal food suppliers vs Islamic halal food suppliers.

Measurable strengths	**Weight factor**	**Dutch halal food suppliers**	**Islamic halal food suppliers**
Image	0.25	4/1	5/1.25
Taste	0.25	4/1	5/1.25
Convenience	0.2	5/1	3/0.6
Price	0.2	3/0.6	5/1
Perception of quality	0.1	5/0.5	4/0.4
Sum of the weights	1.00		
Weighted strengths		**4.1**	**4.5**

The image the second generation Muslim has of the Dutch supplier in contrast to the Islamic supplier is less favourable. One of the main reasons for this is the confidence of the customer of the authenticity of halal. Though, in comparison to the first generation the second generation is more open to Dutch suppliers.

The perception of taste of the Dutch supplier vs. the Islamic suppliers is more similar. Nowadays Muslims value the Dutch taste more than in the past.

One of the main trends of the Dutch food market is convenience Dutch companies translate this into their products. The Islamic food market chooses more for basic, natural ingredients. The convenience of products is more valued by the second generation. This is a result of their modern lifestyle: they have often no time to bake bread themselves.

The prices of Islamic halal food suppliers tend to be lower than Dutch suppliers. This is because of the fact that Dutch companies in general spend more on marketing. Next to that, Dutch companies have higher costs on personnel, marketing, research and development etc. in comparison to the first generation Muslims, the second generation is less price conscious.

The perception of quality of products of Dutch suppliers is in general higher than the quality of products of Islamic suppliers.

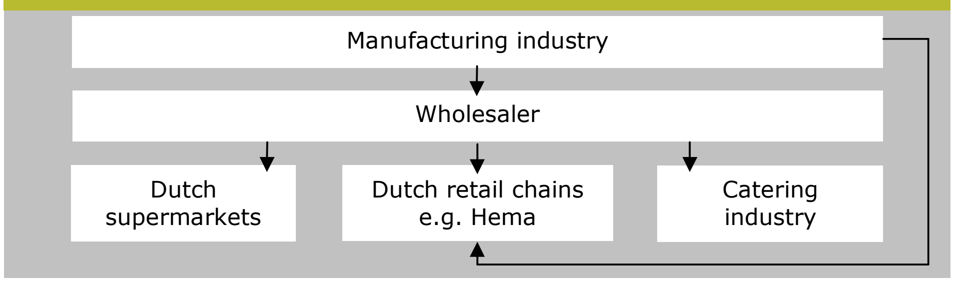
3.4 Distribution analysis

Although the distribution analysis could not be researched in detail it is worth to mention something about the distribution channel possibilities.

Dutch distribution channels vs. Islamic distribution channels

For the choice of the distribution channel one has to look at the consumer. As already discussed in chapter 3.1 the first generation still prefers shopping at specialty shops. Though, the second generation, often referred to as Polder Muslim, buys its products increasingly more at supermarkets, because of the convenience. As the former will decrease in the future and the latter target group will increase strongly, the distribution via Dutch channels to supermarkets will be the most favourable. The distribution channel could be as follows:

> Figure 3.19 Distribution channel via Dutch channels



Of course, distribution via Islamic channels to specialty/ foreign shops is also possible. However, as Dutch company one has to take into account that the barriers of entry are quite high. The main reason for this it the trust that has to be gained of the authenticity of halal. Besides that, the Islamic supplier might have a high loyalty towards its existing suppliers.

Geographical distribution

As the Muslim population lives concentrated in the four big cities it goes without saying that the distribution of pure Islamic halal products is limited to the areas where Muslims live. A clear example of this is the offer of halal certified meat at supermarket Albert Heijn. The halal meat is namely only available where Muslims live concentrated (see appendix)[69]. Though, products that in the basis are Dutch products and are halal certified, like the Haribo halal certified sweets, might be offered throughout the whole country, as this kind of product is also suited for autochthon people.

[69] www.ah.nl, December 2006, Albert Heijn stores with halal meat

4 Threats and opportunities

In the last three chapters the halal market is discussed in terms of the customers, the branch, the competitors and finally the distribution. From these aspects we could identify threats and opportunities. Indeed, this chapter presents these threats and opportunities. In order to give a clear overview this is done by summing up all the aspects and marking them as threat, opportunity or neutral. This allows the reader to see the attractiveness of the halal market at one single glance. At the end of the chapter one can find a conclusion of the most important threats and opportunities.

- Opportunity
- Threat
- Neutral

Customer analysis

- Shopping frequency of Muslims (Opportunity)
- Increase in demand during Islamic festivities (Opportunity)
- Second generation Muslim buys increasingly more at supermarket (Opportunity)
- Increased popularity of foreign shops with autochthon people (Opportunity)
- Suspicion of Muslims towards authenticity of halal (Threat)
- Unfamiliarity of halal food with autochthon people (Threat)
- Halal slaughtering process not appreciated by autochthon people (Threat)

Macro environmental factors

Demographical factors

- Growth of Muslim population (Opportunity)
- Age distribution (Opportunity)
- Geographic distribution (Opportunity)

Economic factors

- Unemployment rates (Threat)
- Income (Neutral)

Social-Cultural factors

- Food spending (Opportunity)
- First generation Muslims (Opportunity)
- Second generation Muslims (Threat)
- Education level (Neutral)
- Suspicion from Muslims towards Dutch suppliers (Threat)
- Family size (Opportunity)
- Demand for ethnic food (Opportunity)

Environmental factors

- Healthy food

Political factors

- Enlargement of EU with Turkey

Market factors

- *Market size and market growth*
- *Product life cycle*
- *Season influences*

Industry structure factors

- *Threat of new entrants*
- *Threat of substitute products*
- *Bargaining power of buyers*
- *Bargaining power of suppliers*

The marks of the competitor indicate the customers' value in stead of the threats and opportunities.

good   sufficient   poor

Competitor analysis

First generation Muslim rates:

	Dutch halal food suppliers	Islamic halal food suppliers
Image		
Prize		
Taste		
Perception of quality		
Convenience		

Second generation Muslim rates:

	Dutch halal food suppliers	Islamic halal food suppliers
Image		
Taste		
Convenience		
Prize		
Perception of quality		

Distribution analysis

- Dutch distribution channels
  - Supermarkets
  - Dutch retail chains (e.g. HEMA)
- Islamic distribution channels
  - Specialty shops

Conclusion threats and opportunities

If we look at the customer analysis the biggest opportunity is that the second generation Muslims increasingly buys more at the supermarket. The biggest threat is that a Muslim is quite suspicious about the authenticity of halal. In contrast to the Islamic supplier, who shares the same religion, a Dutch company has more difficulties with gaining confidence with the Islamic customer.

The majority of the Macro environmental influences are opportunities. The biggest threat is that the income of Muslims in general is lower than that of autochthon people. Also the unemployment rates are quite high among Turks and Moroccans. However, as the education level of Turks and Moroccans increases, it is expected that the first two aspects also will improve. The biggest opportunities are the strongly growing Muslim population, the large families among Turkish and Moroccan families and the higher spending on food of Muslims.

If one looks at the industry factors an opportunity is that the threat of new entrants is quite low. Threats, on the contrary, are the bargaining power of the buyers (increasingly more companies, brand loyalty) and the bargaining power of suppliers (dependant on halal certified products).

The competitor analysis shows us that the first generation favours Islamic halal food suppliers above Dutch halal food suppliers. If we look at the evaluation made by the second generation Muslims, one can conclude that this generation values the Dutch halal food suppliers almost equally as the Islamic halal food supplier. In short: the second generation in particular forms an opportunity.

Finally, the distribution analysis shows that the Dutch distribution channels are an opportunity.

5 Conclusion and recommendations

5.1 Summary

Since the halal food market is a topical subject at the moment, many Dutch companies might wonder if this market also could offer opportunities for them. This research is a detailed description as it presents a broad range of information on this subject and also deduces the threats and opportunities.

Islam and halal

Islam was founded by Muhammad in Arabia in the early 7th century AD. It is a strictly monotheistic religion. The followers of Muhammad are called Muslims. In order to live a good and responsible life Muslims have to satisfy five obligations called "*The five pillars*". Islam is the second largest religion in the world.

Halal means everything that is permissible under Islamic law. However, halal also has a narrower meaning: the Muslim dietary law. This definition is also used in this research. Halal should fulfil 3 conditions:

- The food itself must be halal
- The production process, storage and transport must be halal
- Halal food may not get in direct contact with food that fails to satisfy 1 and 2 above.

In order to know if a product is halal, there are halal certification companies who issue halal certificates. Halal certified products will result in a decrease of suspicion of the authenticity of halal.

The halal market

The customers of halal food products are not only Muslims but also autochthon people. The former because of their religion, the latter because of cultural change or religious reasons. The first generation Muslim[70] prefers buying food at specialty/foreign shops. On the contrary, the second generation[71] has the need for one-stop-shopping, so increasingly prefers buying all food in supermarkets. This is a result of their modern life style.

If one looks at the demographics of the Muslim population in the Netherlands this population increases strongly. Although there are high unemployment rates and low incomes among Muslims their economic situation will improve as a result of an increase in education level. Muslim families spend more of their income on food. Next to that, Muslim families are larger than autochthon families. These both factors are a gain for supermarkets.

The halal food market will grow as a result of the increasing Muslim population and because of the increasing interest of autochthon people in foreign food. The halal market is also stable: halal food in not trend sensitive, because of the dietary law.

[70] Person who is born abroad with at least one foreign born parent.
[71] Person who is born in the Netherlands with at least one foreign born parent.

If one looks at the halal industry, the bargaining power of suppliers is high because companies are depended on halal certified raw materials as the products need to be halal from beginning to end. The bargaining power of buyers becomes increasingly stronger as the halal market is a growth market.

In the competitor analysis Dutch halal food suppliers are compared with Islamic halal food suppliers. This is done by means of a balance score card, which is drawn up from the perspective of the first generation Muslims and the second generation Muslims. By rating the image, taste, convenience, price and image (ranked in order of importance) for both the Islamic halal suppliers and Dutch halal suppliers one can conclude that the first generation favours Islamic halal food suppliers strongly above the Dutch halal food suppliers. Though, the second generation Muslims values the Islamic halal food suppliers and the Dutch halal food suppliers more equally.

Distribution via Dutch retailers would offer the best opportunities for Dutch companies. Reasons for this are the strong growth of the second generation Muslims and the lower barriers of entry into Dutch retail business in comparison to the Islamic retail business.

5.2 Conclusion

In Chapter one the main question of my research is formulated as follows:
Does the Dutch halal food market offer business opportunities for Dutch suppliers?

The answer to this question is yes. The target group that offers the most opportunities are the Muslims of the second generation. This group tends to be more open to Dutch suppliers than the first generation Muslims.

Opportunities in this market are the strong increase of this young target group in the near future, their need for one-stop-shopping and their increase in education level, which will result in higher incomes in the near future.

Opportunities that arise from the Muslim population in general are the large families among Muslims, the increase in demand during Islamic festivities and their high spending on food. The possible enlargement of the EU offers opportunities too, since it becomes more attractive to do business with Turkey when it is an EU member. Because Muslims live concentrated in the large cities one can target this specific group effectively.

5.3 Recommendations

As we have seen the halal market offers opportunities for Dutch companies. If one decides to enter this market one should pay attention to the following recommendations.

Firstly, one should target the second generation Muslims: this group is more open to Dutch suppliers than first generation Muslims. Besides that, this group has the need for Western-Islamic products. This gives companies the possibility to make regular existing products for the Dutch consumer also suitable for Islamic customers by certifying them as halal.

Secondly, it is important to use the appropriate communication towards the Islamic customer in order to be successfully in this market. For guaranteeing the authenticity of halal for example one could make use of a halal hallmark on the packaging and one could inform customers by hiring persons who have knowledge about halal.

Finally, the distribution channel that is recommended is the Dutch retail. This is because of the fact that Muslims of the second generation have the need for one-stop-shopping.

5.4 Recommendations for further research

A recommendation for further research would be a detailed research on the communication towards the Islamic consumer. Another aspect that could be researched is the reaction of autochthon people on the halal food. Finally, it is recommended to make an internal analysis of the company, to see if entrance into the halal market is also in line with a company's resources and capabilities.

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Michael Porter's Five Forces Model

Appendices

I Albert Heijn stores with halal meat

Plaats	Straat
Alkmaar	Geert Groteplein 7
Almelo	Nieuwstraat 169
Almelo	Rosa Luxemburgstraat 1
Amsterdam	Osdorpplein 469
Amsterdam	Molukkenstraat 101a
Amsterdam	Gelderlandplein 47
Amsterdam	Gulden Winckelplantsoen 5
Amsterdam	Willem Kraanstraat 2
Amsterdam	Buikslotermeerplein 310
Amsterdam	Lambertus Zijlplein 8
Amsterdam	Jan van Galenstraat 87
Amsterdam	Postjesweg 65
Amsterdam	August Allebeplein 12
Amsterdam	Sierplein 78
Amsterdam	Cornelis Troostplein 11
Amsterdam zuidoost	Kraaiennest 10
Arnhem	Hanzestraat 145
Arnhem	Drieslag 4
Bergen op zoom	Zonneplein 31
Breda	Moerwijk 2
Capelle a/d IJssel	Centrumpassage 27-29
Deventer	Karel de Groteplein 20
Dordrecht	Korte parallelweg 165
Eindhoven	St. Petrus Canisiuslaan 43
Haarlem	Menton passage 12
Leidschendam	Weigela 48
Rotterdam	Zuidplein 622
Rotterdam	Mathenesserplein 76
Rotterdam	Goudse rijweg 707
Rotterdam	Benthuizerstraat 54
Rotterdam	Oudedijk 149
Rotterdam	Vuurplaat 340
Rotterdam	Lijnbaan 121
Schiedam	Lange kerkstraat 34
s-Gravenhage	De stede 10
s-Gravenhage	Lorentzplein 76
s-Gravenhage	De Sav. Lohmanplein 20
s-Gravenhage	Leyweg 709r
s-Gravenhage	Grote marktstraat 55a
s-Gravenhage	Apeldoornselaan 266
s-Gravenhage	Laakweg 126
Tilburg	Westermarkt 17
Tilburg	Wagnerplein 52
Utrecht	Roelantdreef 265
Utrecht	Hammarskjoldhof 64
Utrecht	Oud-Wulvenlaan 59
Zaandam	Vrieschgroenstraat 5
Zaandam	Lobeliusstraat 24

[72]

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II Overview of figures and tables

Figures

Tables