

By Ben Simpfendorfer

Tapping the world's Muslim markets

Muslim markets are the world's last great untapped consumer opportunity. Most MNCs have a China strategy, an India strategy, and more recently, an Africa strategy. But the Muslim world's 1.6 billion consumers are an even larger opportunity. As the experience of Nicorette has demonstrated, selling to the Muslim consumer is about more than simply offering halal- or sharia-compliant products.

Nicorette's sales typically soar around the New Year holiday as smokers pledge to quit and stock up on the company's popular brand of nicotine patches. It's a New Year's resolution sales bump.

It's also not the only annual bump. Nicorette has spotted a similar opportunity during Ramadan, as pious Muslims are required to stop smoking throughout the month-long fast. Religious experts have ruled the patches as a permissible alternative to cigarettes, meaning they are a popular option for those who might otherwise have trouble lasting the full four weeks.

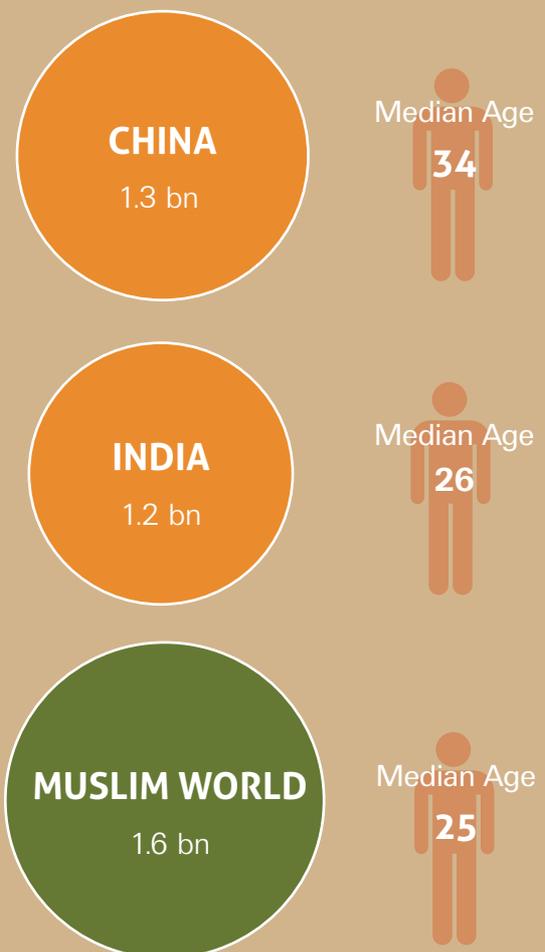
Nicorette's success illustrates the opportunities as well as the misconceptions of selling to the Muslim world's vast markets. The company hasn't adapted its existing product to make it halal, but instead simply recognised that Muslim consumers buy Nicorette's products for different reasons and at different times of year when compared to customers in America or Europe.

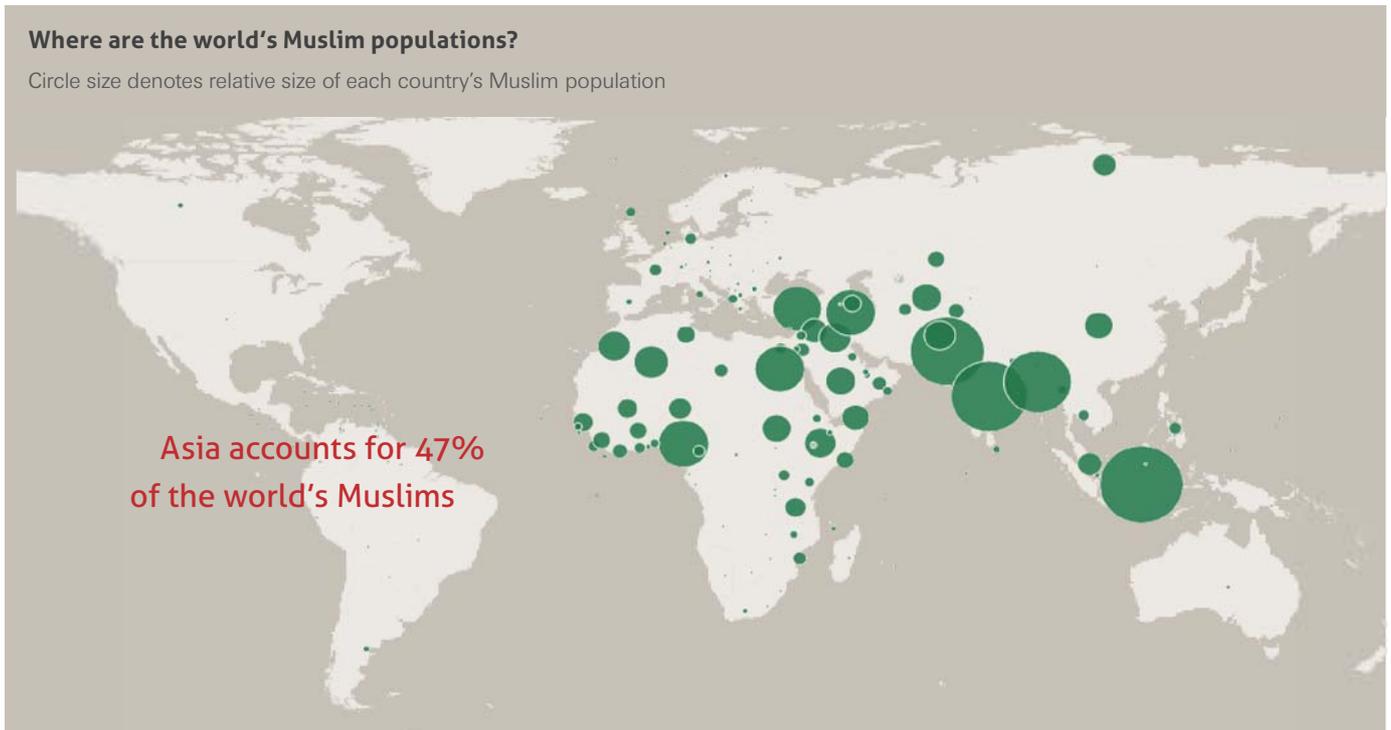
It's an important lesson, as Muslim markets are the last great untapped consumer opportunity. Most MNCs have a China strategy, an India strategy, and more recently, an Africa strategy. Few though have a specific strategy for the Muslim world's 1.6 billion consumers. Yet, can an MNC call itself truly global if it's overlooking such a large consumer opportunity?

However, size is just one attraction. The Muslim market is also generally young with a median age of 25 years, as compared to 34 years in China. That's important as younger consumers are less likely to have identified with

Figure 1: Population in the great consumer markets

The Muslim world's population is larger in numbers than either China or India, albeit spread across multiple countries.





specific brands, especially in less developed countries. Not so in China, however, where the typical consumer has already had significant exposure to a wide variety of local and foreign brands, from handbags to banks.

Yet many companies have overlooked the opportunity. For a start, some wrongly assume that selling to the Islamic world means selling only halal-compliant food or sharia-compliant finance. Others are concerned about the backlash from consumers in non-Muslim home markets, considering KFC's experience several years ago when it attempted to serve halal-only products in some of its U.K. outlets.

That's unfortunate. Nicorette's success illustrates that simply tweaking marketing campaigns to cater to the fact that Muslim consumers might shop differently is a relatively easy first step.

McDonald's recent marketing campaign in Indonesia further illustrates this point. Prior to Ramadan, the company ran an advertisement showing a tasty-looking burger. It then ran the same advertisement during

Ramadan, but this time the burger was covered by a yellow wrapper. The viewer couldn't see the food, as required by Indonesian regulations, but their imagination filled in the juicy gaps.

Religious festivals influence spending in other ways. Hong Kong's shopping malls and resort parks, for instance, are full of visitors from the Middle East during the major religious holidays. Indeed, 25 percent of all arrivals from the Middle East visit Disneyland. (The figure is an even higher 50 percent for Indonesian arrivals.) Not everyone is Muslim, but the large majority is.

There are challenges, of course. Whereas Chinese and Indian consumers are generally found in a single market, the Muslim world is spread across multiple countries. To that end, the opportunity is similar to Africa, where MNCs are likely to focus on a handful of the region's largest markets, and that adds complexity to any commercial strategy.

In this respect, Indonesia is the clear opportunity. Not only is Indonesia the Islamic world's largest by population

(247 million), but foreign FMCG companies are already enjoying a consumer boom, as sales of everyday products, from shampoos to processed snacks, soar. Many of these products are halal- or sharia-compliant. Others are sold to suit the rhythms of an Islamic country.

But smaller countries also offer opportunities, especially for mid-sized companies selling a premium product into high-income Muslim households, and particularly if the products can be purchased online.

Consider the opportunities selling high-end halal-compliant cosmetics to premium markets in Dubai, Riyadh, Jakarta, or Kuala Lumpur. Saafi, a British cosmetics retailer, is one such company, selling organic, vegan, and halal beauty care products. Premium food brand owners equally benefit from selling premium halal product into high-end supermarkets.

The challenge for companies is deciding whether cultural tastes outweigh the importance of a product being halal-compliant—snack foods that are popular in Indonesia might not sell so well in Saudi Arabia. Picking and choosing between products can be a difficult process and for this reason many MNCs have yet to create truly global strategies.

That's a pity, as MNCs are in a unique position to sell across multiple Muslim countries as consumers typically have greater faith in big global brands, rather than smaller and less familiar brands.

The halal-food industry is an example. Malaysia has a large halal food processing industry, but Indonesian consumers are anecdotally more likely to trust a product manufactured by a foreign MNC in Malaysia, rather than one produced by an unknown Malaysian company, in spite of both products being certified by the same Malaysian halal certification agency.

The fact MNCs typically sell culturally generic products also provides them with a head start, and so it's no surprise that the initial spark for developing a halal strategy often first takes hold in global head offices where executives are devising global brand strategies, rather than in local offices that are understandably more focused on localised opportunities. ■



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We provide a range of services from market expansion to executive programs and briefings. Our directors include experienced consultants, business strategists, economists, and operational specialists. Our clients are found in variety of industries and include multinationals, mid-sized companies, and financial institutions.

Led by Ben Simpfendorfer, a world-leading specialist in the commercial rise of Asia and the Middle East, we understand the challenges of operating in a fast changing region. With offices in Hong Kong, Beijing, and Melbourne, we also provide insightful and independent local knowledge on the region's fast changing markets.

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