

Halal industry's response to a current and post-COVID-19 landscape and lessons from the past

Halal
industry's
response

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Abstract

Purpose – This paper aims to analyze the Halal industry before, during and after the COVID-19 outbreak.

Design/methodology/approach – Qualitative content analysis derived from a narrative-type literature review – supported by expert opinions elicited from semi-structured interviews and transcripts from the keynotes of five prominent speakers at a Halal industry conference during the pandemic. The conference theme covered the Halal industry's development and strategies before, during and after the COVID-19 outbreak.

Findings – There are opinions, concerns and actionable suggestions from the five prominent guests on how the Halal industry is faced with challenges but also new opportunities, with the potential to lead an agenda toward community and transparency.

Originality/value – The halal industry could survive the ravaging COVID-19 and still has the potential to be explored. Expectedly, it makes this occasion an assessment or benchmark to improve the Halal industry and lifestyle in the future and contributes to the betterment of the ummah and Muslim countries.

Keywords Muslim countries, Halal industry, COVID-19, Halal lifestyle

Paper type Research paper

1. Introduction

The economic impact of the COVID-19 pandemic is massive, as it changes the economic activity, stops production and disrupts the supply chain. The demand for most goods and services has been unstable and is likely to impact product choices. It may also change consumers' old habits significantly in purchasing, which finally change the business operations. It can be seen how every single activity of consumers is affected. This is happening in almost all countries globally, where it is irreversible and will create a new order.



An inevitable choice that must occur is the quarantine system imposed by many governments to avoid the spread of COVID-19. As a result, market mobility that influences consumer behavior is forced and consumers have to make wiser choices, like depending on online shopping or transactions. Thus, some companies respond to this situation with certain irrelevant and unethical behaviors and attitudes such as increasing the prices of goods and cutting supplies, resulting in the unavailability of goods in shops. In addition, some financial institutions still request the physical presence of their customers to reschedule contracts – although the government has asked everyone to avoid unnecessary trips. The above examples have led to customers' complaints and disappointments; this is happening partly due to the company's delay in embracing digital channels.

Like other affected industries, the Halal industry is not an exception. It consists of several sectors such as food, cosmetics and pharmaceutical, tourism/travel, media and recreation and modest fashion. It makes us aware that the Halal industry is vast and it has great potential to be developed, especially in many emerging countries. However, this COVID-19 outbreak seems to be less impactful on the supply of Halal foods, drinks and medicines, as some people took advantage of getting excess profit during this pandemic. This act is not permissible in Islam, especially when this virus has to be faced by people globally.

The Halal industry certainly considers how the current pandemic crisis is changing long-term social interactions. The changes in consumers' behaviors require new or modified products and services. Established companies may easily adjust or adapt to this new norm in terms of the products, services and strategies because they adopt a proactive approach in any unpredictable business environment. Perhaps, digital transformation is seen as the best future solution, provided that the collaboration is comprehensive. Simultaneously, the companies must emphasize the learning processes that mostly depend on their employees' human and intellectual capital.

This study uses a qualitative method to conduct a semi-structured interview on five prominent persons in the Halal industry. They were asked some questions about the impacts of the COVID-19 outbreak on the Halal industry and if they have any suggestions to improve the situation. The individuals interviewed are:

- Professor Dr. Jonathan Wilson (Islamic and Halal Branding Expert. Regent's University London. Google Scholar h-index: 20, i10-index: 29).
- Mr. Rafiuddin Shikhoh (CEO of Dinar Standard/Consultant).
- Professor Dr. Irwandi Jaswir (Halal Science Expert/Former Director of INHART/International Islamic University of Malaysia/h-index Scopus: 20).
- Professor Laurent Marliere (CEO of IsFin/Consultant/Université catholique de Louvain).
- Ms. Nahla Misbah (Senior Research Associate/Consultant).

A narrative-type literature review will be presented, consisting of a comprehensive and critical analysis of the topic, in this case, the impact of the COVID-19 pandemic on the Halal industry. This narrative content has an objective to inform the stakeholders on the development of the Halal industry periodically. In addition to the opinions, views and suggestions of the above prominent persons, the content analysis with some secondary data are also conducted. Thus, the results of this paper can be used as a reference for the stakeholders in the industry. This study also explains the behavioral changes of consumers,

the Halal industry before COVID-19 with its business opportunities, the Halal industry during COVID-19 and post-COVID-19.

2. Literature review

2.1 Halal branding, halal products and halal market

The attention toward Islamic or Halal branding is perceived positively in many Muslim and non-Muslim countries (Wilson *et al.*, 2013). Some people understood that Halal is all about replicating the permissible ingredients that should be consumed by Muslims (Lada *et al.*, 2009). The brand itself is used as a platform to inform and reassure about the content of the products that comply with sharia standards (Wilson and Liu, 2010). For Muslims, the Halal brand cannot be separated from faith, which dictates that all activities should be divine and in line with Allah's guidance (Alserhan, 2010). This is also associated with food purity, safety and cleanliness (Ali *et al.*, 2012).

Wilson and Liu (2010) mentioned that this phenomenon of the increasing interest in Halal brands is due to several factors such as the sheer size of the market, growing awareness of Islamic consumption and greater empowerment of Muslim consumers. The Halal brand has been exploited through its business potentials that give great business opportunities rather than merely relying on its value aspect. One of the business potentials is through a mind-sharing session in which an alternate business model is developed (Wilson, 2014; Wilson, 2018). Muslim must make concerted efforts on how to promote Halal brands and products beyond the market value and size (Wilson, 2014). This can be extended through e-commerce to reach a wide range of consumers through an efficient way of doing business.

There are growing needs and wants for Halal products by various Muslim identities, regardless of temporal gains (Wilson, 2014; Wilson, 2012). In particular, this occurs when the Halal industry intersects and shares common values with many other industry sectors and yet it has a unique set of issues and concerns that are specific to the Halal market (Wilson and Grant, 2013). The Halal market is evolving rapidly and because of its global extent, the rate and nature of this evolution differ considerably from one country to another country. However, in predicting the demand for Halal products, religion, faith and spirituality are still the major factors influencing the purchase (Wilson and Hollensen, 2013).

There are empirical studies that have discussed and investigated Halal branding (Abdullah and Ahmad, 2010; Ahmed, 2008; Badrudin *et al.*, 2012; Bin Nooh *et al.*, 2007; Che Man and Sazili, 2010; Ireland and Rajabzadeh, 2011; Marzuki *et al.*, 2012). Che Man and Sazili (2010) asserted that Halal branding consumption had a tremendous influence on organizations, the market and the country's economy. And now, Muslims have this growing awareness of the importance of buying and consuming Halal foods, which indirectly leads to the expansion of the global Halal food industry. This proves that Halal brands and products are no longer a regional practice but an international requirement to cater to the Islamic dietary sector (Stephenson, 2014), specifically in countries such as the UK and France. Meanwhile, there are many studies conducted on Halal products globally (Alam and Sayuti, 2011; Ariffin *et al.*, 2019; Aziz *et al.*, 2019; Bashir *et al.*, 2019; Bonne *et al.*, 2007; Lada *et al.*, 2009; Mukhtar and Butt, 2011; Rafiki and Wahab, 2016; Wibowo *et al.*, 2020).

The estimated 1.8 billion Muslims globally are regarded as consumers of Halal products. This is considered a huge market. The investment overview in 2019/2020 of the Islamic economy, including the Halal industry, is shown in Table 1 below. These figures indicate that investors' interest in the Halal industry is still positive, indicating significant global demand for Halal products.

With a Muslim population of more than 250 million in Southeast Asia, Halal products certainly get impressive acceptance in the region. For example, Indonesia, Malaysia and

Singapore have created such supportive policies and rules to ensure that Halal-certified products could develop accordingly, including controlling the imported products. It is followed by Thailand, the Philippines and other countries that recognize Halal products' potential, thus creating encouraging regulations and promoting innovative works related to the export and import of Halal-certified products. As an example, for exporting the simplest vegetable products, the countries must ensure that the vegetables are Halal-certified. In short, the Association of Southeast Asian Nations (ASEAN) countries themselves have given attention to Halal products' consumption as it is a symbol of quality and wholesomeness.

Moreover, other Muslim minority countries such as Singapore and South Africa have shown that Halal food is a good and potential business. Although the Muslim community represents only 16% of Singapore's 3.8 million population, the halal food industry is a big business in this city. It is shown that McDonald's, A&W, Kentucky Fried Chicken and Taco Bell are the international brands making an effort to sell Halal-certified products in Singapore. Meanwhile, Middle Eastern countries such as Kuwait, Saudi Arabia, United Arab Emirates and Bahrain rely on the imported products. In other words, these countries become the net importers of processed foods, both for the foodservice and retail markets. In South Asia, countries such as India, Pakistan, Bangladesh and Sri Lanka have a significant Muslim populace. These countries, which are home to almost 1.3 billion people with over 400 million Muslims, depend merely on their economies' agricultural produce. They do not depend on imported food products except for some food services. In Africa, some countries are still looking for the export of food products as they are struggling with the unstable economic and political conditions, although some of the countries have at least 50% of the Muslim population.

Furthermore, the report of Research and Markets of Halal Food Market in Europe 2016–2020 [1] stated that the rise in the Muslim population globally, specifically in Europe, has triggered Halal food demand. There is an increasing demand for Halal product retailers. Surprisingly, it is mandatory for supermarkets to sell foods with Halal labels such as Tesco, Sainsbury's, Marks and Spencer and Waitrose. However, there is an issue on the global standards of issuing the Halal certification by authorities; thus, the abuses could be avoided. With these facts and figures, the stakeholders, particularly the governments and investors, can explore the opportunities related to Halal products and markets.

2.2 Behavioral changes of consumers and halal industry

The marketers who uphold the concept of Islam know the guidelines stated in Islamic teaching; thus, they may take profit in their business while exploring opportunities and

| Sector | #Total deals | Value \$000s |
|--------------------|--------------|--------------|
| Halal food | 61 | 6,110,020 |
| Media | 27 | 121,050 |
| Travel and tourism | 14 | 340,103 |
| Halal Pharma | 9 | 156,980 |
| Modest fashion | 4 | 3,450 |
| Halal cosmetics | 3 | 124,700 |

Table 1.
Investment overview
in 2019/2020

Source: SGIE Report of Dinar Standard (2020)

having concern about the dire surroundings during this COVID-19. Giving supports must be prioritized more than other objectives at this moment. The believers (Mu'minun) believe that after having difficulties, there will be ease; therefore, the business owners should be patient as one of the Islamic values and take a good lesson from this condition. They must adapt to the business environment changes due to changes in their customers' habits and behavior. Nowadays, customers are in a survival mode and they are more conservative, more cautious and inclined to stay indoors than outdoors.

During this COVID-19 crisis, local restaurant owners who sell Halal food should arrange their stores so that the distance among the consumers must follow the government's rules. Bear in mind that maintaining cleanliness is also a priority. Business owners can also adopt digital technology in ordering and shipping, including digital payment systems that comply with the Islamic Fintech. Moreover, COVID-19 caused immediate practical shocks because some consumers are or will be, prevented from coming to stores, so their demand for the products is disrupted. Likewise, some home delivery services are suspended, so goods and consumers are coming together less frequently. This new change is difficult to implement, but it becomes easier and efficient when the consumers are getting used to it. Previously, this kind of e-commerce may only apply to the millennial, generation X or baby boomers, but currently, these IT platforms must be realized by anyone irrespective of age. Perhaps, the Muslims must take these opportunities to explore and collaborate with various e-commerce platforms, as well as reach customers and penetrate new segments. This is called for, as we are facing the new norm of business operations.

One of the industries that have become highly in demand is the streaming industry. During the pandemic, this industry emerged due to the need for long-distance communication and broadcasting. In fact, before the COVID-19 pandemic, its reputation in all countries, including the middle-income countries has less attraction and attention by the consumers. Moreover, changes in consumer behavior that occur due to the COVID-19 outbreak have created new lifestyles that are more integrated with digital technology and accelerated digital transformation in society. However, some companies remain present both offline and online to improve their reach while improving consumer experience through e-commerce. The entertainment industry cannot just be silent; they have to redesign their businesses with the innovation of holding a virtual concert or any similar functions.

Another accelerated trend is payment without cash (cashless) and contact (contactless) and this would be an important criterion for the Halal industry. For the Halal tourism industry, virtual tour applications might be an alternate as a breakthrough. Virtual travelers can explore the West end to the East end of the world and enjoy every land stretch in each country. Other alternates can also be offered, for example, museums. Reaching local or regional tourists may be the best choice after the pandemic by integrating the concept of a Halal tourism village. Also, the world of Pesantren (Islamic boarding schools) education will be an interesting experience.

Meanwhile, business owners can focus on certain sectors in providing digital channels such as in the education and health-care sectors. The acceleration of digitalization in these two sectors is highly suggested. It is not only applicable to big hospitals or universities but also to some extent, it is needed for boarding schools, public schools or health clinics. In educational institutions, students normally interact directly between friends, teachers and lecturers; however, post-COVID-19, the atmosphere might feel different. Besides, the number of students in each room will be limited and the distance when interacting must follow the health protocol. One way to minimize the difficulties for prospective new students is by creating virtual educational trips or any edutainment to introduce the school environment. Some Islamic principles could be embedded in these activities or actions.

This new normal system is a new phenomenon for Muslim entrepreneurs that may cause changes in consumer perspectives as well. Some of them who are IT savvy or who are still young or fresh graduates from the university usually find it easy to adapt to the situation involving any daily transactions online, but some people have difficulties adapting, as they are economically and socially stressed. For most companies, the next few months will only have one goal: to survive. But for others, there may be opportunities to focus on how to take steps to maintain the businesses. However, the business continuity will depend on the survival of their suppliers and customers. Even for some businesses, this will require a complete restructuring of their entire value chain, logistics and e-commerce platforms.

The working from home (WFH) situation leads to changes in the working attitude. With this WFH concept, an individual can still control his/her new habit in organizing their activities such as meetings, seminars, workshops, focus group discussions through applications such as Zoom Cloud Meetings, Google Meet and Microsoft Teams during this COVID-19 pandemic. Muslim entrepreneurs may need to offer and adopt more flexible policies in the future to facilitate or accommodate employees to work from home. Giving work independence with some rules and limitations will be the better option during this pandemic.

2.3 Business opportunity of the halal industry before COVID-19 outbreak

Below are the figures of Halal industry potentials before the COVID-19 Outbreak: (Table 2).

From the above table, the figures that are interpreted as generating business opportunities are highlighted as follows:

- In Muslim Friendly Travel, any country may develop customized digital Muslim-friendly travel by creating some unique menu or features that enable travelers to access the information easily. It includes Umrah tech, whereby the Umrah travelers become more demanding toward the additional benefit in such a competitive market. In Indonesia alone, currently, 905 companies are engaging in Umrah services. However, there is still plenty of potentials to enhance the services. With regard to the Halal beach resort, it increases in terms of the number of resorts. Although there is an opportunity in it, some collaboration is needed to be more attractive, so that it can get the attention of other Muslim countries. Meanwhile, for sustainable travel, it can be seen from many governments' policies that realize the potential of travel or tourism, which then allocate their annual budget to increase the number of visitors/foreigners every year. In fact, some infrastructures and

| Sectors | Muslim friendly travel | Modest fashion | Halal pharmaceutical | Halal cosmetics | Media and recreation | Halal food |
|-----------------------------|------------------------|----------------|----------------------|-----------------|----------------------|------------|
| Global travel spend | \$1.6tn | \$2.5tn | \$1.3tn | \$8tn | \$4.1tn | \$8tn |
| Consumer opportunity (2018) | \$189bn | \$283bn | \$92bn | \$64bn | \$220bn | \$1.37tn |
| Consumer opportunity (2024) | \$274bn | \$402bn | \$134bn | \$95bn | \$309bn | \$1.97tn |
| % yoy growth | 6.8 | 4.8 | 5.7 | 4.9 | 5.3 | 5.1 |
| Investor opportunity | \$42m | \$42m | \$653m | \$653m | \$42m | \$653m |

Source: SGIE Report of Dinar Standard (2019)

Table 2.
Potential of the halal industry before Covid-19 outbreak

facilities are made to support this sector. In other words, it is an opportunity for businesses to catch up with such a demanding sector. As an example, Muslim spending on outbound travel globally increased by 6.8% in 2018 from \$177bn to \$189bn, with Saudi Arabia, UAE and Qatar being the top three countries.

- For the modest fashion industry, a certain level of communities or groups of society, including celebrities, artists, also public figures, had realized the uniqueness and beauty of Muslim fashion. Thus, there are programs or events held to introduce and spread such modest fashion, which could generate opportunities for some investments. Many retailers or textile shops are exposed and have taken advantage of these trends. The demands for Muslim clothes are increasing in some countries year by year such as in Indonesia and Malaysia. The common hijab in Indonesia has a 60-70% market share, while the sharia hijab (covering most parts of the body) has a 10% market share. Moreover, the seller used the e-commerce platform to expedite the promotions where many new Muslim clothing brands are emerging such as Zoya, Hijup, Hijabenka and Elhijab. Meanwhile, there are an estimated 5 million Malaysian Muslimah wearing the hijab or at least covering almost their entire body with more than 500 brands of Muslimah attires in Malaysia. Countries like Europe are progressively accepting this increasing demand for modest Muslim fashion. This indicates that the business in this segment is developing and there is huge potential.
- In relation to the Halal pharmaceutical industry, four hot sectors are assumed to have grown such as Halal gelatine, Halal nutraceuticals, Halal vaccines and holistic Halal-based homeopathy 2020. Despite the potential development of these sectors, many Muslim countries face challenges where they cannot develop the facilities for research and development (R&D). Many scholars and researchers admit this lack of R&D, thus this could be the opportunities much awaited by non-Muslim countries. It includes the need to support the Halal ecosystem, which can collaborate in each sector, thereby assuaging the difficulties.
- For the cosmetic industry, they have the opportunities to develop the ingredients of the cosmetics for face cream, scents and perfumes, which are dominated by branded and established cosmetic products from Western countries. This means that the companies owned by Muslims or non-Muslims with sharia compliance products must win or conquer the Muslim consumers' market in the majority of the populous Muslim countries such as Indonesia, Malaysia and GCC Countries. Moreover, Halal cosmetics must adopt the e-commerce platform to differentiate them from other offline products. Sometimes, Muslim consumers also purchase non-Halal cosmetics as they try to avoid paying for the additional services through online transactions and these companies progressively upgrade their e-commerce. This could be an opportunity and a challenge. Additionally, it is expected that the Halal cosmetics products are aligned with sustainable goals. It should be proven through the non-contaminated Halal ingredients as promoted. Thus it has become the opportunity to deny the non-Halal ingredients which do not support sustainable goals.
- For the media and recreation industry, the opportunities are wide open to be explored, which include the development of Islamic-themed movies/series, whether offline or online, apps-based lifestyle services and culturally-themed documentaries. Western countries have been dominated by the fact that they successfully spread their culture, lifestyle and behaviors through box office movies. Although there are short movies related to Islam nowadays such as the history of all Prophets and their companions, the emphasis is on the value rather than on the business orientation. It

needs to get as wide a market as possible, particularly the Muslims in all OIC countries. Industry 4.0 makes everyone engaged with information technology; thus it is the best time to introduce our Islamic teachings theoretically and practically through the fastest and most effective way – the media coverage.

- There are great opportunities for the Halal food sector because they relate to humans' basic needs that still have a significant demand among the consumers. The Halal food market is affected, but it is better than the tourism sector, for instance. The Halal food vendor can encourage more replacement of the food ingredients from local (traditional) suppliers, as the export transactions are restricted, which has not been exposed. This includes the Halal feed, where people normally denied the significance or lack confidence in the local content. While the meat-based meals and snacks are in increasing demand, they can be exploited by making more varieties and preferences where everyone is now staying or working from home (WFH). Furthermore, Halal food-tech or e-commerce should be enhanced, which then can be relied on to achieve operational efficiency. By collaborating with the young IT-minded generation, the Halal vendors can hire them, i.e. to not fall into unemployment on a part-time basis.

2.4 Halal industry during COVID-19

Below are the reported summaries of the semi-structured interview on the key areas covered by the prominent experts and speakers, based upon memo-writing, note-taking and watching the recorded talks several times.

2.4.1 Professor Jonathan A.J. Wilson (halal branding expert). The purpose of his talk was to highlight the importance of branding to Halal. However, this is something nevertheless which he observes is under-utilized, under-resourced and many lack specialist knowledge in. Also, he gave some focus to the reputational aspects linked to branding and an increased imperative for these to take more of a role in Halal during Covid-19 and beyond – with the potential for added competitive advantages to wider communities.

The following is a transcript of his talk:

“I would like to focus on reputation, which is encapsulated in more detail within my recent book, titled Halal Branding. I am going to argue that we substitute Reputation in a modern context with the word Branding.”

In essence, Branding is a strategic and concise means of expressing, amplifying and controlling: who you are, what you do, who you are associated with and what you own – for competitive gains, using a variety of communication methods and media, that is both collaborative and measurable.

In the context of the Halal industry, that means a strategic brand portfolio, architecturally designed and consisting of most likely:

- A corporate brand.
- Linked to a product or service brand.
- An ingredient brand, fulfilled by the Halal certification logo.
- And an overall grounded blend of other factors such as a national or regional identity and that of the founders.

And if we drill down in more detail, organizations are:

- Muslim or non-owned.
- Have Muslim proportional representation from their employees and consumers.
- Offer products and services, which are all or only from a restricted number that are halal.
- And have a presence or origin in Muslim majority or minority markets.

Furthermore, it may be the case that particular offerings require increased labeling and marketing communications due to the nature of their proposition. Having made these points, I want to raise the following questions and then make some further points.

- Do we spend enough money and time on branding, which has become such an important aspect of business today?
- Have Halal, Muslim or Islamic brands formulated enough of a presence toward being able to deliver strong, robust, stable, premium, compelling, attractive, unique and identifiable propositions?
- What is the future roadmap?

I'll leave you to reflect on these questions[. . .].

Now I want to remind you of two notable case examples that the Muslim civilization can be proud of:

- The Prophet Muhammad (PBUH) and his companions, who offered transformational leadership and whose contributions and reputations continue to influence the world today. Muhammad was known as "Al Amin," meaning the trustworthy – that's branding!
- The compilation of a hadith, upon which a methodology of verification and narration chains were developed.

If we fast forward to today, when in the face of the Coronavirus pandemic: fake news and social media messages spread like wildfire, where there is almost a race to be the first to share and to share widely, at the expense of checking – this is not how you build brands to last.

Therefore, I encourage everyone to think carefully about the long-term struggle in the pursuit of establishing stellar reputations – but in doing so I encourage you not to think about Halal as simply providing the permissible – you have to make the permissible unmissable!

"Put the spirit into spirituality, embody the full range of human emotions and experiences – celebrate, elevate and energize – and people will congregate around your brand."

2.4.2 Mr. Rafiuddin Shikhoh (chief executive officer of Dinar standard). He talked about the impact of the Halal industry during the COVID-19 pandemic, which may still contribute to the GDP of the countries, particularly OIC countries and the Halal supply chain.

The Halal economy consists of seven sectors, namely, Halal food, Muslim fashion, Halal media and recreation, Halal tourism, Halal pharmaceutical, Halal cosmetics and Islamic finance. The biggest direct negative impact during COVID-19 is on the tourism sector. Based on the State of the Global Islamic Economy Report 2019/2020, it is estimated that the spending in this tourism sector of \$189bn by Muslims may drop drastically as a result of the COVID-19 pandemic. With this, the tourism industry such as in Indonesia, Turkey and Egypt will suffer particularly in terms of their hotels and resorts, restaurants, catering services or other gathering functions. This is followed by the Islamic finance sector that has a significant effect on its business operations. Inversely the Halal fashion, cosmetics, food and pharmaceutical sectors will receive less impact.

Based on Oxford Analytica, he mentioned that the most affected countries by COVID-19 could be seen from two matrices, namely, the state health readiness and countries that are more dependent on export earnings. Countries with economies that depend on exports are more vulnerable due to the issues surrounding the global supply chains and dependence. For example, there are Bangladesh and Pakistan, countries that have low readiness for health services, but their exports are relatively low in GDP. This makes them less affected by the global economic downturn. Moreover, based on a study by Dinar Standard regarding food security vulnerabilities, countries

such as Saudi Arabia and Bahrain are economically stable, but they depend on food imports, whereas Indonesia has a high agricultural capacity, and therefore has a stable food system.

He mentioned that the supply chains are currently facing problems around the world, but at the same time, there are many initiatives from governments which are more concerned about supply chains being closer and more stable. Thus, the OIC countries in the context of the Halal industry can offer this opportunity. The collaboration between OIC countries must be motivated to develop the business and not only relying on charity. Furthermore, the food and agriculture sector can be exploited and this is considered a great opportunity. Then the textile sector also has a great opportunity alongside the tourism and transportation sectors. This includes the opportunities for Mergers and Acquisitions and supplies chain engagement opportunities to get the substitute imports from various sources. Thus, it may support the development of the Halal industry as a whole.

2.4.3 Prof Irwandi Jaswir (halal scientist). Prof Irwandi elaborated on the challenges and opportunities of the Halal-related sciences during the COVID-19 outbreak.

He mentioned that there are still opportunities for Halal products. For individuals, the food and pharmaceutical sectors are essential. This influences the logistics and transportation that happened to have been restricted in any movement during this time of the pandemic. However, the tourism domain is severely affected such as Bali, where the dire tourism industry has led to unemployment. Meanwhile, Muslim countries' contributions have been shadowed because Brazil is still dominating the poultry market and Korea the cosmetics market. Therefore, R&D must be strengthened when the COVID-19 is over, especially in the Muslim countries that can supposedly take advantage of these opportunities. This includes strategizing on replacing non-Halal ingredients, preparing competent human resources (human capital), strategizing on the production resources, infrastructure and government support. He added that 9 of the 10 largest exporters of Halal products such as pharmaceuticals, cosmetics and cosmetics in 2018 are the non-OIC countries. During this pandemic, countries such as the USA, France and Brazil have been impacted badly; thus this may create opportunities for OIC countries.

2.4.4 Prof Laurent Marliere (chief executive officer of IsFin). Prof Laurent emphasized the strategies to minimize the COVID-19 impact on the Halal industry and recover quickly from this crisis.

He mentioned that various sectors develop the Halal industry. So each sector needs specific answers. Halal tourism or Halal food is not affected the same way as Islamic finance or Muslim fashion. There are strategies to minimize the impact of COVID-19 on the Halal industry; Adjusting the distribution channels to focus on local suppliers, filling the gaps and reducing import dependency, Adopting 3 T Principles of transparency, trust and traceability in producing and promoting Halal products, Maximizing online dealings and digitalization, Learning and preparing for the impending pandemic wave and running your operational manually because the pandemic will not be over in the next few months, meaning that you have to learn from past experiences, Holding dialogues with the Government/Authority to improve regulations or policies related to testing, certification, import/export, taxes and labor matters to find better solutions.

He added that the recovery strategy in facing this COVID-19 pandemic could include using time strategically, which practically can be done by reading articles related to markets and thinking about improving the businesses for the short and long term (after this outbreak); adapting with the services and deliveries that need to be tailored to the new needs of the clients; Maintaining your marketing budget. Reducing the budget will be an over-reaction that will have an impact on the company in the long run, but the marketing budget, it could be maintained by reallocating it to other needs as many international events and exhibitions are already canceled, Matching is more suitable than networking due to the limited movement and meetings, thus understanding the clients' needs and having market intelligence is a better option at this time, Improving digital

communication through instruments such as Zoom, Slack, Team, Skype, Loop, GoTo Meeting, WhatsApp, WeChat, Viber that by mastering them is a prerequisite for entering the market and reaching prospective clients, Focusing on digital marketing that can be an opportunity to convince conservative partners to move forward in the digital era and Becoming a sustainable individual and company through the Halal concept which is dedicated to the act of saving the planet, the climate and the environment.

2.4.5 Mrs Nahla Mesbah (senior research associate of dinar standard). Mrs Nahla explained the Halal industry sectors that receive great impact and about the supply and demand of the Halal products.

She mentioned that the biggest negative impact is on the Muslim-friendly travel and tourism sector compared to other Halal industry sectors. Specifically, this happened because of the travel restrictions due to COVID-19, when all flights and trips, were canceled. This is stated by the World Tourism Organization (UNWTO) that the tourist arrivals will drop by 20-30% by 2020 and this is a decline in the international tourism revenues of around \$300-450bn. This includes Hajj and Umrah as the main source of income in this tourism sector. In Indonesia, the tourism sector is predicted to have lost up to 30% or around 2.8 million people have lost their jobs, while Turkey and Egypt will have around 700,000 people and 400,000 people have lost their jobs, respectively, leading to the low demand and income of the country. In total, about 75 million people have lost their jobs due to the COVID-19 outbreak. As some of the OIC countries mainly depend on the energy income, it is suggested that the OIC countries collaborate in developing their economy particularly in maintaining the Halal industry and its market.

Mrs. Nahla mentioned that everything changes, especially in keeping with the social distance. Due to the COVID-19 pandemic, air tickets' prices were affected because of the reduced number of passengers, followed by more direct routes to avoid quarantine at the transit airport. Also, there will be a requirement for health certification in each country. As very limited flights are allowed, the insurance companies, including Takaful, will also be affected. These all are imposed by many governments due to the priorities to ensure the well-being of consumers.

2.5 Future halal industry post-COVID-19

2.5.1 Mr Rafiuddin Shikhoh (chief executive officer of dinar standard). Mr Rafiuddin explained the future of the Halal industry post-COVID-19.

He mentioned that the global lockdown had changed consumer behavior, industry dynamics and government policies. So, this can also create new opportunities for the industry/investors such as High digital involvement in most B2C industries, Online wholesale shopping surged up to 20% –30% in many markets, Demand for healthy and uncontaminated food-derived for the global growth of Halal food, Fintech- digital financial and Takaful propositions are gaining momentum, Islamic social finance increased (shadaqah, zakat and waqf), Online learning/education starts with a long-term transition to hybrid online learning, Digital media 'Halal lifestyle' and digital applications (entertainment, home media subscriptions, games) are increasing. Meanwhile, for the government, food security creates opportunities for Halal exports/resilient economies and good systems (driven by chains). In other words, there is an increased focus on domestic production and the reduction of import dependence which can be seen from Saudi Arabia, UAE, Nigeria and many other markets.

2.5.2 Prof Irwandi Jaswir (halal scientist). Prof Irwandi mentioned the initiatives that should be in order post-COVID-19.

He mentioned that there are many possibilities that every country can do in facing this COVID-19 such as stopping to import the products, enhancing the capacity of biotechnology or biomedical

technology and strengthening the research and development, thus the Muslims and Muslim countries will be able to maintain and sustain any changes in the unforeseen environment in the future. He reminded that the government or other stakeholders must protect the small and medium enterprises (SMEs) as the backbone of any countries' economies and, perhaps, these SMEs have encouraged the demand for Halal products. Without them, the supply of the Halal product could decrease.

Prof Irwandi also warned about the access of Halal certification in some of the countries in which the applicants or the owners of the company still face difficulties in getting the documents and right information about it. Thus the increasing number of Halal-certified products is not still below par, if we are to compare with the Muslims' economies' potential. In fact, 24% of the SMEs in Indonesia have no standard in terms of production, including the product content, which can be related to the Halal standard. There should be a solution on how to address the issue of standardization, empower the SMEs and be involved in export. Another issue is the lack of substitute ingredients; therefore, with strong R&D, this issue can be resolved. In the top 200 Halal brands globally, only 1 or 2 brands come from Indonesia and not many from Malaysia – even Thailand only has 20 Halal brands. Thus Prof Irwandi highlights the automation and digitalization to develop Halal products and markets.

2.5.3 Mrs Nahla Mesbah (senior research associate of Dinar standard). She explained the things that need to be prepared and anticipated when a new normal (post-COVID-19) is imposed, particularly regarding Muslim Friendly Travel.

Mrs Nahla mentioned the important strategies in dealing with the affected Muslim-friendly travel such as making a virtual tour, as carried out by the Ministry of Tourism in Egypt, launching a series of virtual trips featuring three-dimensional photos and video guides from archeological sites with information in Arabic and English. For example, there is a video showing water sports adventures, deserts and the views of the sky in Abu Dhabi. Carrying out the initiatives to support the private sector such as the StartUp Hotel Data Cloud (using Artificial Intelligence and machines to help hotels engage with consumers), allocating \$350,000 in the initial funding from local and international investors to support hotels in winning back the customers post-COVID-19. Government supporting initiatives such as the fact that several countries have prepared stimulus packages for the tourism industry and Dubai giving an economic stimulus package of \$408m (including for tourism), Turkey announcing an economic stimulus of \$15.4bn to reduce the impact of the COVID-19 health crisis in all sectors (including tourism). Merging, as discussed by some airlines (The case of Malaysia Airlines and AirAsia).

3. Conclusion

The Halal industry not only consists of the food sector but also includes the tourism, pharmaceutical and cosmetics, media and recreation sectors. Before the COVID-19 pandemic, the Halal industry experienced a positive development and an increase in the number of Halal products' markets in the world. This was stated in the "State of the Global Islamic Economy 2019/2020" report published by Dinar Standard, where Muslim consumers spent \$2.2tn in the Halal industry and Islamic lifestyle in 2018, an increase of 5.1% compared to 2017. According to the report, the Halal industry and Islamic lifestyle are expected to reach \$3.2tn by 2024.

The COVID-19 pandemic will probably change consumers' behavior, not only in the short term but maybe in the long term. This is due to restrictions on movements and interruption of flights between countries and the shift of governments' focus on the production of goods, particularly concerning domestic production and lower dependency on imported goods. This will surely change the landscape of the Halal food sector significantly. In this case, the government can also open up opportunities and support for Halal food and

export systems to be developed as well. At the same time, the experts could do mapping and prepare plans on the businesses' prospects that can be sustained.

Among the strategies suggested to be realized to minimize the impact of COVID-19 on the Halal industry is to adapt to the distribution channels and try to minimize gaps and avoid the dependency on imports. Small and medium industries will have difficulties because they do not have sufficient capital and resources to back up their business in this difficult situation. Among the solutions that can facilitate recovery are to make changes in terms of leadership, communication, matchmaking and marketing budget. Finally, each country must unite and help each other to improve Halal products and markets, including the harmonization of Halal certification standards. All of us must practice the aspects of transparency, trust and traceability so that the Halal industry can continue to survive and improve, especially post-COVID-19. Closer and stronger ties between OIC countries in international trade, especially for Halal products and services, must be encouraged to create a sustainable Halal ecosystem.

Future research should consider the impact of COVID-19 on the Halal industry after the year 2020, whereby industries still have to adapt to the unpredictable economic situation globally. Thus, an empirical study needs to be conducted to explore and measure the practical impacts due to the COVID-19 pandemic. Another initiative is by having various testimonies of experts across the sectors to develop a comprehensive report on the development of the Halal industry during or post-COVID-19 pandemic.

Note

1. www.researchandmarkets.com/reports/3721871/Halal-food-market-in-europe-2016-2020

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Further reading

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