Exploring Innovative Marketing Opportunities for Halal Entrepreneurs in Hospitality and Tourism Industry

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Abstract. Innovation is essential for long-term competitiveness of firms. The lack of innovation can reduce the competitiveness of firms in the hospitality and tourism industry. Therefore, Halal entrepreneurs in the Halal travel market must prepare for a future led by innovation and technology to build scalable, digital enabled business models. There are many innovative opportunities that can be translated into Halal tourism product/services for Muslim and non-Muslim travellers. Some aspects of Halal travel may also satisfy the demands of the non-Muslim market. The paper discusses seven innovative opportunities that could be exploited by Halal entrepreneurs in the hospitality and tourism market. The findings are useful for entrepreneurs to develop Halal products and services for Muslim and non-Muslim travellers.

1 Introduction

Innovation is essential for long-term competitiveness. Competitiveness in the hospitality and tourism industry may be inhibited by the lack of innovation. Entrepreneurs in the Halal industry should exploit numerous opportunities to enhance their competitiveness. They should explore various opportunities and translate them into Halal tourism product/services that cater to both Muslim and non-Muslim travellers (M. Battour, 2019; M. Battour, Hakimian, Ismail, & Boğan, 2018; M. Battour, Rahman, & Rana, 2019; M. M. Battour, Battor, & Ismail, 2012). Some aspects of Halal travel are not exclusively for Muslims; they may also satisfy the demands of non-Muslim travellers. Halal travel/tourism and Muslim-friendly travel are growing areas of Halal entrepreneurship (M. Battour et al., 2019; M. Battour, Salaheldeen, & Mady, 2021; M. M. Battour, Ismail, & Battor, 2010; M. M. K. Battour, 2011; Salaheldeen, Battour, & Nazri, 2019). Entrepreneurs in the Halal travel industry must prepare for a future led by innovation and technology and to build scalable,
digitally enabled business models. These business models should also consider sustainability due to its increasing import in the hospitality and tourism industry. Technology, innovation, and travel efficiency will continue to play key roles in managing sustainability-related costs (Mastercard-CrescentRating, 2020).

The entrepreneurship literature has extensively covered innovation and opportunity exploitation (Guo, Tang, Su, & Katz, 2017; Kuckertz, Kollmann, Krell, & Stöckmann, 2017; Miocevic & Morgan, 2018; Salaheldeen, 2015, 2017), but research on both variables in the hospitality and tourism industry is still limited (Lee, Hallak, & Sardeshmukh, 2016; Power, Di Domenico, & Miller, 2017). Innovation is a key concept not only in business and entrepreneurial research but also in the broader social sciences. Yet it has received little attention in empirical research despite its policy and academic importance. There is little research on the role of innovation in tourism and the contribution of tourism-related human mobility to regional, firm, and product innovation (Hall & Williams, 2019; Nourelddeen, Salaheldeen, & Battour, 2022). Fu, Okumus, Wu, and Köseoğlu (2019) claim that entrepreneurship research in hospitality and tourism is very limited, especially in terms of theoretical development. Similarly, there is also limited entrepreneurship research on Halal travel that satisfies Muslim travellers as a segment with unique needs and behaviours. The recent years has seen the emergence of “Halal Travel 1.0”, where travel destinations and businesses began embracing the Halal travel segment and catering to the needs of Muslim travellers. The next phase, Halal Travel 2.0, will be enabled by technologies such as Artificial Intelligence (AI), Augmented Reality (AR), and Virtual Reality (VR). This paper explains some innovative business opportunities in the Halal travel industry that may be exploited by Halal entrepreneurs.

2 Halal Entrepreneurship

An Islamic-based economic framework should consider different social, spatial, and community forms, in addition to the various codes, norms, and symbols that define society more generally (Boubekeur, 2016; Karia & Asaari, 2016; Soltanian, Zailani, Iranmanesh, & Aziz, 2016; Tok & Kaminski, 2018). The Halal business model is a strategic model derived from Islamic teachings, particularly the Quran and Hadith, that can ensure sustainable and accountable business practices of the firm. Halal was a strictly religious concept, but it is now used as a branding platform for entrepreneurs to grow and market their products (M. Battour, Salaheldeen, Mady, & Elsotouhy, 2021; Salindal, 2018). The Halal global market and food industry are rapidly emerging globally. Halal entrepreneurship is an entrepreneurial process for the innovative exploitation of opportunities for the purpose of generating sustainable economic returns while realising an equitable society (Khalek, 2018). The concept is referred to as “Halal entrepreneurship” (Ramadani, Dana, Ratten, & Tahir, 2015) or “Halal-minded entrepreneurship” (Soltanian et al., 2016).

Malaysia is currently witnessing rapid growth of Halal entrepreneurship. Accordingly, in 2015, it was ranked first in the global Halal Food Indicators, ahead of the United Arab Emirates and Australia (Zakaria & Kaushal, 2017). Halal entrepreneurship emerged with Halal food before extending to other areas, for instance cosmetics, pharmaceuticals, personal care, banking, finance, tourism, hospitality, and logistics (Khalek, 2018). From an Islamic perspective, entrepreneurship is a complex and contested concept that is founded on three interlinking pillars: entrepreneurial, socio-economic/ethical, and religio-spiritual (Ramadani et al., 2015). Halal entrepreneurship differs from ethical entrepreneurship because it has specified practices that are based on religious sources and a meta-physical objective (Gümüşay, 2015).

Entrepreneurship from the Islamic perspective affects the micro- and macro-levels of analysis in multifaceted ways by shaping the individual, organisation, and institution, e.g.,
market and state (Gümüşay, 2015; Khalek, 2018; Tok & Kaminski, 2018). The Islamic market is growing along with the increasing number of Muslim entrepreneurs, businesspeople, and patrons whose identity centres around Islam; they partake in Islamic businesses for religious and social empowerment (Boubekeur, 2016). Although the entrepreneur is a natural person, entrepreneurship cannot be entirely divorced from the general social settings within which any business is situated.

Salindal (2018) highlights the positive effect of Halal certification on the innovative performance of Halal-certified food companies. Thai entrepreneurs perceive Halal certification to positively contribute towards sales and profit growth, export opportunity, product reliability and quality, Muslim consumers’ trust, and local and international market expansion (Sriviboone & Komolsevin, 2018). The increasing number of Muslim travellers to non-Muslim countries indicates the urgency to examine the capacity and willingness of such destinations to fully cater to the needs of Muslims. For instance, Italy is gradually offering Halal products, accommodation, and worship facilities.

3 Innovative opportunities

Innovation is essential to support sustainable growth. O’dwyer, Gilmore, and Carson (2009) define innovation as “the process of taking new ideas effectively and profitably through to satisfied customers”. The inability or failure to innovate may cause firms to be less competitive (Hsieh & Kelley, 2016). Empirical evidence shows the importance of innovative opportunities in creating competitive advantage for new ventures during market entry (Battor & Battour, 2013; Chatzoglou & Chatzoudes, 2018; Markides & Sosa, 2013). A critical phase in entrepreneurship is exploiting the opportunity to create new venture. New ventures that exploit innovative opportunities are more likely to enter the market successfully (Battor & Battour, 2010; M. Battour, 2018, 2019; M. Battour, Battor, & Bhatti, 2013).

Innovative opportunity is “the possibility to realise a potential economic value inherent in a new combination of resources and market needs, emerging from changes in the scientific or technological knowledge base, customer preferences, or the interrelationships between economic actors” (Holmén, Magnusson, & McKelvey, 2007). Halal entrepreneurs must exploit innovative opportunities in the hospitality and tourism industry, introducing new products and services with new value propositions that satisfies the needs of Muslim travellers. Those new products and services should equally target Muslim and non-Muslim customers. The mission of Halal entrepreneurs is to seek profit, founding their strategies on current and future market trends and customer demands. At the same time, Halal entrepreneurs should run their ventures according to Shariah (Islamic law).

4 Potential areas for Halal entrepreneurs

4.1 Gen Alpha as a potential customer

Generation Alpha (Gen Alpha) is the first generation to be born in the twenty-first century. They are mostly children of Millennials and sometimes Generations X and Z. Generation Alpha are natural users of smartphones and tablets. They were born with iPhones, iPads, and applications, and so they cannot imagine life without them. They are not afraid to learn and use technology. The unique characteristics of Gen Alpha will influence the travel behaviours of families. Therefore, Halal entrepreneurs must prepare to meet the future needs of Gen Alpha travellers. Family travel decision in the near future will be decided by Gen Alpha (M. Battour, Ismail, Battor, & Awais, 2017; Mastercard-CrescentRating, 2020).
To cater to Muslim families with Gen Alpha children, Halal entrepreneurs can offer tailored edutainment and activities during various travel touchpoints, as well as special family discounts and packages. They can also design travel discovery books and travel packages that are packed with adventure to target Gen Alpha.

4.2 Digital platform Era

Digital platforms are a ubiquitous marketplace in today’s world. Entrepreneurs can easily offer their products/services on such platforms, and customers can easily find products/services that suit their needs. For Halal hospitality and tourism, Halal entrepreneurs can develop a new digital platform or application that offers personalised products and services to Muslim travellers. The platform or application should be extremely user-friendly so that the customers can share everything. Potential customers typically use mobile apps to find information about products/services. New Halal tourism ventures should take full advantage of mobile optimised messaging as a potential innovative opportunity. They should also make the most of real-time engagement afforded by social media to reach young Muslims. The new ventures should produce contents that can engage these digital natives.

Halal entrepreneurs can also develop a digital platform for Umrah and Hajj. Umrah service providers must move beyond providing basic education and logistics support to truly delivering exceptional service experiences for consumers. They can differentiate by offering data-powered services. In multiple points throughout the Umrah travel, they can provide personalised and or interactive contents to Umrah pilgrims. These contents may cover the customs, rituals, and Umrah locations, delivered through 360-degree live video streams and augmented tours via smartphones. Additionally, the providers and pilgrims can share their experiences during Umrah using highspeed internet connection.

Another interesting innovative opportunity is research and data analytics services for the Halal travel industry. This opportunity should be taken by data analytics firms. Currently, such services are only offered by a Singapore-based company, CrescentRating. More Halal entrepreneurs should enter the Halal travel market to increase its competitiveness. The research and data analytics services can help Halal travel firms to analyse the behaviours and needs of Muslim travellers. A Halal booking platform is also necessary, as the providers of Halal booking services are currently limited in quantity, e.g., Halalbooking and Halal Trip.

4.3 Blockchain-based Cryptocurrency

Blockchain-based cryptocurrency is a virtual currency used as an internet-based medium of exchange and a popular asset for hedging and speculation purposes. According to Ayedh et al. (2020), compatibility, awareness, and facilitating conditions have increased the interest of Muslim investors in the cryptocurrency market. Halal entrepreneurs may develop cryptocurrency-based payment services for Muslim travellers for its numerous benefits, including decentralised solutions, trust, and transparency (Abboushi, 2017; Antonopoulos, 2014; Ryan, 2017). By developing new financial technology (fintech) to support digital transactions, Halal entrepreneurs can offer new value-added services to Muslim travellers. Halal entrepreneurs may also explore alternative financing and transaction services for Muslim-friendly trips (M. Battour & Ismail, 2014; M. Battour, Ismail, & Battor, 2011; Mastercard-CrescentRating, 2020). Fintech will continue to contribute to the innovation of payment solutions globally. Halal entrepreneurs must explore and exploit innovative opportunities in this area, for instance by introducing e-wallets and mobile payment services, which are becoming prevalent among Muslim travellers.
4.4 Sustainable Products and services

Sustainability is an increasingly important determinant of business and consumer choices in the tourism industry. The United Nations and the media have raised awareness on how tourism activities have contributed to environmental issues, most prominently climate and culture. Plastic waste and climate footprint are significant ecological concerns. The wellbeing of all stakeholders in the tourism value chain has also emerged as an important issue. Future travellers, especially younger ones, will reward destinations and companies that can provide quality services while being eco-friendly and culturally respectful. Travellers will be willing to pay a premium for a travel experience that does not compromise the environment and local culture. Muslims as responsible citizens are mindful of the positive impact of sustainable tourism. Therefore, Halal entrepreneurs should exploit sustainable tourism as an innovative opportunity. They can establish new ventures that offer sustainable Halal tourism.

4.5 Muslim female-friendly services

According to the Mastercard-CrescentRating Report (MWIT) (2020), around 45 percent of Muslim travellers are women. They are typically young, educated, and have moderate to high purchasing power. Halal entrepreneurs can introduce new products and services to meet the unique needs of Muslim women travellers. In turn, such products and services can encourage more Muslim women to travel. The MWIT Report also states that 28 percent of Muslim women usually travel alone, while the remainder with their families. Regardless of their travel companion, Muslim women are able to plan their trip, indicating that they are mindful decision makers. Thus, Halal entrepreneurs should consider the needs of Muslim women travellers as a potential segment and identify and create service touchpoints to engage them.

4.6 Culinary tourism

Halal food is increasingly available in many destinations to cater to Muslim travellers. Tourism service providers and destination operators should introduce Muslim-friendly culinary options. The culinary curiosity of Muslim travellers is increasing, thus food companies are introducing more creative and unique Halal items. This can be seen in many well-known food brands that have adopted Halal food manufacturing. While culinary tourism is becoming more popular among Muslim travellers, their options are often limited because they may only consume Halal food. Like any other travellers, Muslim travellers are keen to try the local cuisines of the host communities or participate in a cooking class, a food tour or a festival to learn and immerse themselves in the local culture. To attract Muslim tourists, many Asian countries have begun catering to their needs. Japan, South Korea, Hong Kong, and Taiwan are some destinations that have led the way for Halal culinary tourism. Therefore, Halal entrepreneurs can exploit innovative opportunities in the food and beverage sector by developing halal culinary products and services.

4.7 Three-dimensional printing

The adoption of 3D printing in the manufacturing sector is considerably growing (Rong, Patton, & Chen, 2018). 3D printing begins by designing a prototype of an object using a software. The 3D printer then manufactures the design by printing several layers of materials until the object is completely created. Metals, plastics, and aluminium are common materials used in 3D printing (Arbabian & Wagner, 2020). An important
The advantage of 3D printing is highly customisable products; the customer can modify the product with little to no additional costs (Kwak, Kim, & Park, 2018). This has led to the prevalent use of 3D printing in various industrial segments, for example equipment, architecture, automotive, medical, education, and consumer products. However, 3D printing as an innovative opportunity has not been fully exploited in the hospitality and tourism industry. Halal entrepreneurs can use 3D printing to manufacture artificial food (food models) (Zsarnoczky, 2018) and personalised souvenirs (Anastasiadou & Vettese, 2019).

5 Conclusion and implications

This paper has discussed how Halal entrepreneurs can explore and exploit innovative opportunities in the hospitality and tourism industry. By identifying these opportunities, they can create new ventures and or tourism product/services that can satisfy the needs of Muslim and non-Muslim travellers. In general, Halal entrepreneurship is an entrepreneurial process for the innovative exploitation of opportunities for the purpose of generating sustainable economic returns while realising an equitable society. Halal entrepreneurship ventures must be run according to Shariah (Islamic law). The paper has also argued the importance of identifying and exploiting innovation opportunities based on current and future market trends and customer demands. It has presented some possible innovative opportunities for Halal entrepreneurs in the hospitality and tourism industry. Halal entrepreneurs can target Gen Alpha by offering tailored edutainment and activities during various travel touchpoints. They can develop new digital platforms to provide personalised Halal travel packages, Halal travel booking, and analytics services. New payment services for Muslim travellers can be developed using blockchain-based cryptocurrency. To attract conscious Muslim and non-Muslim travellers, Halal entrepreneurs should design and offer sustainable tourism products and services. They should also consider the needs of Muslim female travellers as a potential market segment. Introducing Halal culinary products and services is a possible innovative opportunity in the food and beverage sector. Finally, Halal entrepreneurs can use 3D printing for several purposes, such as creating personalised and customised souvenirs.

This conceptual paper fills the gap in hospitality and tourism entrepreneurship research, which hitherto has been fairly limited. The practical contributions of this paper are the identified innovative opportunities which Halal entrepreneurs could exploit to start new ventures. Future research may develop a theoretical framework related to Halal entrepreneurs and innovative opportunities in the hospitality and tourism industry.

References


