

## HALAL INDUSTRIES: Markets and the Rising of Middle-Class Muslims in Contemporary Java

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Article history: Received: January 20, 2022 | Revised: March 14, 2022 | Published: June 01, 2022

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### Abstract

*This article deals with the marketing strategies of halal-certified products by Small and Micro Enterprises (SMEs) amid the rising middle-class Muslims in contemporary Java, Indonesia. These SMEs' entrepreneurs compromise of the middle-class Muslims who are particularly concerned with fashion industries, snacks and beverages with halal-certified label. Taking into account Benefit Opportunities Cost Risk (BOCR)-Analytic Network Process (ANP) as an approach, this article tries to identify both the proliferation of halal-certified products and the dominant mixed-factors in marketisation of halal products, including the marketing strategies used by SMEs. This article concludes that promotion—both conventional and digital—is widely essential, besides the product, price and place aspects. Along with the rise of the middle-class Muslim in contemporary Indonesia, the commodification of religious symbols through halal-certification is one important factor that encourages the production of Muslim middle-class economy in contemporary Indonesia.*

*[Artikel ini mengkaji tentang strategi pemasaran para pelaku Usaha Kecil dan Mikro (UKM) produk halal dan relasinya dengan kebangkitan kelas menengah Muslim di Indonesia. Dengan mengambil obyek di Tulungagung, Jawa Timur,*



*artikel ini coba memotret geliat produk halal lokal yang pelan tapi pasti mampu bersaing dengan brand nasional. Para pengusaha tersebut masuk dalam kategori kelas menengah Muslim yang konsen pada industri fashion sampai dengan makanan ringan. Oleh sebab itu, dengan menggunakan pendekatan Benefit Opportunities Cost Risk (BOCR)-Analytic Network Process (ANP), artikel ini tidak hanya memotret tapi juga mengidentifikasi faktor marketing mix yang dominan dalam pemasaran produk halal, termasuk strategi pemasaran yang digunakan para pelaku UKM produk halal tersebut. Artikel ini berkesimpulan bahwa promosi—baik secara luring maupun daring—menjadi aspek prioritas, selanjutnya diikuti oleh aspek produk, price dan place. Sehingga jika dikorelasikan dengan kebangkitan kelas menengah Muslim di Indonesia, maka komodifikasi simbol-simbol keagamaan lengkap dengan label halal merupakan salah satu indikator penting yang mendorong berkembangnya geliat ekonomi kelas menengah Muslim di Indonesia saat ini.]*

**Keywords:** *Halal Industry, Small and Micro Enterprises (SMEs), Indonesia Middle-Class Muslims*

## **Introduction**

Halal means the lawful that implicates that it is only the good and the clean that can be consumed by the Muslims. Here, Muslims as the consumers are indeed important for the business players and, due to their raising awareness, have shown increasing preference towards the halal goods. In relation to this, it is important to highlight that consumers are the most important asset in a trading industry and are the target of every industry. This is due to the fact that it is they, the consumers, who will use and purchase, the products. The profit expected to be achieved by every business is resulted from the purchase conducted by consumers.<sup>1</sup>

Issue on halal industry is currently becoming a global trend. As matter of fact, it has become the lifestyle of the Muslim world. The Global Muslim Travel Index 2019 has released the statement that

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<sup>1</sup>Sukei, “Managing the Halal Industry and The Purchase Intention of Indonesian Muslims: The Case of Wardah Cosmetics,” *Journal of Indonesian Islam*, Vol. 13, No. 01, 2019, pp. 200-229.

“Republic of Indonesia is the center of global halal industry” with halal tourism in the first rank and Muslim fashion models in second place.<sup>2</sup> Florence Bergeaud-Blackler maintains that the global emergence of the halal industry is a phenomenon negotiated between the dynamics of the market and the dynamics of the diaspora within the world market. She believes that scholars of the Islamic tradition initially played only a marginal role in this process. However, religious authorities and Islamists are now actively trying to control the market and use it in their projects on Islamic normativity and governance.<sup>3</sup>

In addition, development of the halal industry is also influenced by the increase in the Muslim population and significant economic growth. Thus, halal products are a mandatory requirement for every consumer, especially Muslims, ranging from food products, medicines, cosmetics, fashion, and other consumer goods.<sup>4</sup> In 2017, the number of consumptions of halal products Indonesia has reached USD 200 billion. The high consumption of halal products was triggered by a population growth of 1.25% and an increase in people’s welfare, marked by an increase in economic growth of 5.17% with a GDP per capita reaching IDR 56.0 million or US \$ 3927.0.<sup>5</sup>

This article deals with the marketing strategies of halal-certified products by Small and Micro Enterprises for halal products in Tulungagung—East Java, and their relationship with the rise of the Muslim middle class in Indonesia. Taking into Benefit Opportunities

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<sup>2</sup>*Ibid.*, pp. 200-229.

<sup>3</sup>Florence Bergeaud-Blackler, “Islamizing Food: The Encounter of Market and Diasporic Dynamics Florence,” in Bergeaud-Blackler, Johan Fischer and John Lever (eds.), *Halal Matters: Islam, Politics and Markets in Global Perspective* (London & New York: Routledge, 2016), p. 101.; Abdessamad Belhaj, “Halal Matters: Islam, Politics and Markets in Global Perspective,” *Newsletter Resensi*, No. 41/th. VI/November-December 2018, Sekolah Pascasarjana UIN Syarif Hidayatullah Jakarta.

<sup>4</sup>Nur Aini Fitriya Ardiani Aniqoh & Metta Renatie Hanastiana, “Halal Food Industry: Challenges and Opportunities in Europe,” *Journal of Digital Marketing and Halal Industry*, Vol. 2, No. 1, 2020, pp. 43-54.

<sup>5</sup>Bappenas, *Masterplan Ekonomi Syariah Indonesia tahun 2019-2024*, 2018.

Cost Risk (BOCR)-Analytic Network Process (ANP) as an approach, this article tries to identify both the proliferation of halal-certified products and the dominant mixed-factors in marketisation of halal products, including the marketing strategies used by SMEs. This article also intends to examine existing theories, especially with regard to the commodification of religious symbols through halal-certification and the development of Islamic populism among the Muslim middle class in Indonesia.<sup>6</sup> It is not found on Abdul Manaf Bohari's<sup>7</sup> article which concerns the adoption by halal food SMEs using the Strengths, Weaknesses, Opportunities, and Threats (SWOT) method, Mohd. Nawawi<sup>8</sup> focused on branding strategies to deliver Thailand as the fifth major player in global industrial production, Arif Pujiono<sup>9</sup> focused on strategies to increase the role of fintech for financing and certification of halal UMKM products and their marketing, and Sukei<sup>10</sup> seeks the rise of halal industries in Indonesia and takes into Wardah Cosmetics for case studies. This brand can be called as the pioneer of halal cosmetics in Indonesia.

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<sup>6</sup>Noorhaidi Hasan, "Islam in Provincial Indonesia: Middle Class, Lifestyle, and Democracy," *Al-Jami'ab: Journal of Islamic Studies*, Vol. 49, No. 1, 2011; Abdul Raufu Ambalia & Ahmad Naqiyuddin Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-makers," *Procedia-Social and Behavioral Sciences*, Vol. 121, 2014, pp. 3-25; Saiful Mustofa, "Berebut Wacana: Hilangnya Etika Komunikasi di Ruang Publik Dunia Maya," *Jurnal Studi Agama dan Masyarakat*, Vol. 15, No 01, 2019, pp. 58-74; Yuswohadi (et.al), *Marketing to the Middle Class Muslim: Kenali Perubahannya, Pahami Perilakunya, Petakan Strateginya* (Jakarta: Gramedia Pustaka Utama, 2014).

<sup>7</sup>Abdul Manaf Bohari, Cheng Wei Hin, Nurwahida Fuad, "The Competitiveness of Halal Food Industry in Malaysia: A SWOT-ICT Analysis," *Malaysia Journal of Society and Space*, Vol. 9, No. 1, 2013. pp.1-9.

<sup>8</sup>Mohd. Nawawi (et.al), "The emergence of halal Food Industry in non-Muslim Countries: A Case Study of Thailand," *Journal of Islamic Marketing*, Vol. 11, No. 4, pp. 917-931.

<sup>9</sup>Arif Pujiono, Ro'fah Setyawati, Idris, "Strategi Pengembangan Umkm Halal di Jawa Tengah dalam Menghadapi Persaingan Global," *Indonesian Journal of Halal*, Vol. 1, No. 1, 2018, pp. 1-8.

<sup>10</sup>Sukei, "Managing the Halal Industry..."

## The Rising of Halal Industries

Halal means justified. Its opponent is not justified according to Islamic law.<sup>11</sup> In Arabic, halal literally means “permissible” or “lawful.”<sup>12</sup> In the context of Islamic marketing, the halal industry includes categories, food which is currently dominated by non-Muslim multinational companies such as KFC and Nestle, a lifestyle that is still dominated by the influence of non-Muslim multinational companies, and services, including the financial institution industry, hospitals, and logistics needs and other forms of services, the service industry owned by Muslims themselves, although it will change the map of the country, especially China and Europe are interested in developing sharia financial institutions.<sup>13</sup>

In the global context, the rise of halal industries is influenced by world Muslim population growth, geography, economic growth, Muslim consumers are increasingly religious, and geopolitical factors because the halal sector needs to build international relations and political stability.<sup>14</sup> In the modern industry, halal is not only about food; it is also about biotechnology, tourism and care products. A number of Muslim requirements have already been met in the international arena, including an injunction to avoid any substances that may be contaminated with porcine residues or alcohol, gelatine, glycerine, emulsifiers, enzymes, flavours and flavourings. In a globalized market these requirements are setting new standards for halal production, preparation, handling, storage and certification. Optimistically, market players have estimated the value of the halal food market to be around \$632 billion annually.<sup>15</sup>

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<sup>11</sup>Nur Aini Fitriya Ardiani Aniqoh & Metta Renatie Hanastiana, “Halal Food Industry...”; Sukesi, “Managing the *Halal*...”

<sup>12</sup>Johan Fischer and John Lever (eds.), *Halal Matters...*, p. 1.

<sup>13</sup>Baker Alserhan, “On Islamic Branding: Brands as Good Deeds,” *Journal of Islamic Marketing*, Vol. 1, No. 2, 2010, pp. 101-106.

<sup>14</sup>Jonathan AJ Wilson, “The Halal Phenomenon: An Extension or a New Paradigm?” *Social Business*, Vol. 4, No. 3, 2014), pp. 255–271.

<sup>15</sup>Johan Fischer and John Lever (eds.), *Halal Matters...*, p. 1.

Even the rise of the halal industry is not only happening in Muslim-majority countries, but also in countries that have been labeled “secular.” In Austria, for example, the state facilitates special regulations on halal standards because the government legally recognizes Islamic institutions in there.<sup>16</sup> Historically, the existence of halal regulator initiated since 1999 in Jakarta. The World Halal Food Council (WHFC) is the name of the oldest international halal regulatory. The project was initiated by the main American halal agency, Islamic Food and Nutrition Council of America (IFANCA), along with agencies from the Netherlands and Australia. It then slowly spread to form an international network of national agencies of various sizes. After changing its name into the World Halal Council (WHC) the organization has since split into the WHC and WHFC. The latter has regional representations such as the Halal Food Council of Europe, focused on European members.<sup>17</sup>

In 2014, the WHFC had 35 members, including the main certification agencies in the US; Halal Instituto of Spain; Halal Quality Control of Netherlands; The Grand Mosque of Paris in France; FIANZ of New Zealand and the Halal Feed and Food Inspection Authority (HFFIA), which are mainly first-generation agencies. The WHFC is more a network than an organization. It puts forward a liberal view of halal standards based on the principle of mutual recognition. Although different, a certificate from one WHFC member must be recognized by other members as halal.<sup>18</sup>

The high demand and purchasing power of halal products in Indonesia, opening up export opportunities to Muslim countries, the Badan Penyelenggara Jaminan Produk Halal (Halal Product Guarantee/ BPJPH) is formed. While the market potential for halal products in Indonesia is also driven by several things, including: the tendency of

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<sup>16</sup>Florence Bergeaud-Blackler, “Who Owns Halal? Five International Initiatives of Halal Food Regulations,” p. 195.

<sup>17</sup>[www.worldhalalcouncil.com/about-us](http://www.worldhalalcouncil.com/about-us), accessed on November 2021.

<sup>18</sup>Florence Bergeaud-Blackler, “Who Owns Halal?” p. 193.

increasing religious awareness, also the increasing number of middle-class who have met their needs, primarily but will continue to look for ways to meet other needs.<sup>19</sup>

SMEs is the largest economic sector in Indonesia which plays a role of around 99% in national economic activities.<sup>20</sup> So it is not surprising that the majority of halal industry players are SMEs entrepreneurs. In Tulungagung context, the entrepreneurs are concerned with the halal food industry, and Muslim fashion. All of them, carrying out raw material processing activities, both raw materials and semi-finished materials, so that it become goods of higher economic value and benefit the community.

Accordance with the data above, the potential market for halal food and fashion in Tulungagung, East Java is quite promising with a population of 1,089,775, a ratio of 98% of the Muslim population, total GRDP of Rp. 39.21 trillion, with a per capita income of Rp. 35,979,904 Residents of Tulungagung.<sup>21</sup> In 2021, Tulungagung Industry and Trade Service (Disperindag), relist the data the number of convection industries is 237 and absorbs 4710 workers, the total production is 1,225,844 units with an output value of Rp. 188,302,823,000. Generally, convection Small and Micro Enterprises (SMEs) produce Muslim clothes, headscarves, prayer gown, uniforms, bed sheet. Convection centers for halal products are scattered in various regions in Tulungagung.<sup>22</sup>

The demand for Islamic fashion in Tulungagung increased and follows the trend of national halal products such as Robbani, Zoya,

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<sup>19</sup>Wiryawan A. Sukoso, Kusnadi, & Sucipto, *Ekosistem Industri Halal* (Departemen Ekonomi dan Keuangan Syariah Bank Indonesia), 2020.

<sup>20</sup>Sudati Nur Sarfiah, Hanung Eka Atmaja, Dian Marlina Verawati, "UMKM Sebagai Pilar Membangun Ekonomi Bangsa," *Jurnal Riset Ekonomi Pembangunan*, Vol. 4, No. 2, 2019, pp. 1-189.

<sup>21</sup>Rochani & Damayanti, "Produk Domestik Regional Bruto Kabupaten Tulungagung menurut Pengeluaran 2016-2020," *Badan Pusat Statistik (BPS) Kabupaten Tulungagung*, 2021.

<sup>22</sup><https://disperindag.tulungagung.go.id/>, accessed on August 27, 2021.

and Elzatta. Their produce *hijabs*, Muslim clothes, prayer gown, by carrying their own brands such as, Adzkie, Kadza, Evelyln's. Local halal products meet the halal industry market with various product variants. The high potential for market share and income creates competition in the halal fashion industry in competing for the market. The dynamic of competition requires local entrepreneurs to produce quality, highly competitive products. In the midst of intense competition, local entrepreneurs face obstacles in developing their businesses related to adequate capital that can be reached because the banking system has a bureaucracy. Obstacles to socialization are also a problem faced by halal industry, because good socialization and marketing are the main keys in the development of the halal industry.<sup>23</sup> Furthermore, low of awareness obtaining halal certification is also a dominant factor. Most of the halal food SMEs lack knowledge about Intellectual Property Rights (IPR) registration requirements. Several studies conducted have proven that entrepreneurs registering IPR can increase the market value of their products. Of course, this is an opportunity to the global market and can get bigger profits.<sup>24</sup>

### **Islamic Marketing Strategies**

Islamic marketing is defined as the entire process of strategic activities carried out by individuals and institutions in a lawful manner in order to create, communicate and offer value (products or services) for the purpose of material and spiritual welfare of stakeholders based on the rules of the Qur'an and *sunnah* both in this world and in the hereafter.<sup>25</sup> The concept of Islamic marketing is emphasized that Allah

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<sup>23</sup>Mohamed Battour & Mohd Nazari Ismail, "Halal Tourism: Concepts, Practises, Challenges and Future," *Tourism Management Perspectives*, Vol. 19, 2016, pp. 150–154.

<sup>24</sup>Che Mohd Zulkifli Che Omar, "Challenges and Marketing Strategies of Halal Products in Malaysia," *Interdisciplinary Journal of Research in Business*, Vol. 3, No. 02, 2013, pp. 11-17.

<sup>25</sup>Nur Asnawi & Muhammad Asnan Fanani, *Pemasaran Syariah: Teori, Filosofi & Isu-Isu Kontemporer* (Jakarta: Rajawali Pers, 2017).



SWT is the driving force in carrying out all business activities.<sup>26</sup> It is also a conditional thought with morality towards ethics and values that are culturally adapted as a dynamic phenomenon of Muslim and non-Muslim societies by considering cultural characteristics explicitly and implicitly in marketing practices. The cultural segment in question is related to fashion, cosmetics and sightseeing patterns.

Wilson proposes a hierarchical approach to results in Islamic marketing, starting from an understanding pattern of ethnocentric marketing (marketing that sees others using Islamic cultural parameters as a filter), Muslim targeted marketing (Muslim community as the target), sharia sympathetic marketing (Muslim sympathy marketing) sharia compliant marketing (sharia-based sympathy marketing) to the top, namely sharia compliant marketers (marketers who obey sharia principles). Characteristics of sharia compliant marketers are those who have complete understanding and intellectual, emotional, spiritual, personal and social piety.<sup>27</sup>

Islamic marketing is not a skeptical thought for defend the truth of Islam as a religion, it is developed through a process of interaction between Muslims and non-Muslims through the emergence of a global phenomenon in which marketing develops both evolutionarily and revolutionarily.<sup>28</sup> The marketing paradigm is universal for both Muslims and non-Muslims not because Muslims are culturally diverse and spread all over the world, but because the philosophy and approach to the concept is flexible so that it is able to create sustainable profits and is relevant to non-Muslim communities. The concept of Islamic marketing is intended not to defend Islam as a religion, but to explain how Muslims interpret Islam and reflect Islam in Islamic life. Islamic Marketing examines

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<sup>26</sup>Jonathan A.J. Wilson, "The New Wave of Transformational Islamic Marketing: Reflections and Definitions," *Journal of Islamic Marketing*, Vol. 3, No. 1, 2012, pp. 5-11.

<sup>27</sup>J. A. J. Wilson, "The Halal Phenomenon: An Extension or a New Paradigm?" *Social Business*, Vol. 4, No. 3, 2014, pp. 255-271.

<sup>28</sup>J. A. J. Wilson, & J. Grant, "Islamic Marketing—a Challenger to the Classical Marketing Canon?" *Journal of Islamic Marketing*, Vol. 4, No. 1, 2013, pp. 7-21.

consumer behavior towards Islamic attributes and values.<sup>29</sup>

Furthermore, Islamic marketing in the marketing mix is not much different from the conventional marketing mix consisting of product, price, promotion and place. The marketing mix is used to describe the combination of tactics used by businesses to achieve their goals in order to market their products or services effectively to the target group. Halal product SME entrepreneurs use various tools to support their programs in order to get a response from the market as their target. This tool is then called the marketing mix. The term marketing mix is used to describe a combination of tactics (marketing tools) used in a business context to achieve its objectives in order to market a product or service effectively to its target group. The concept of the marketing mix includes elements, products, price, promotion and place, used to support marketing success (4P), so consumers have (5C) conformity, character, commitment, conscience, customer centrism.<sup>30</sup>

The development of Islamic marketing in halal products faced by SMEs in developing the halal industry can be pursued with a marketing mix strategy. Meanwhile, the development of the marketing mix in Islamic marketing emphasizes that products that are compatible with Islam are products that meet realistic, humanistic, and transparent characteristics.<sup>31</sup> The application of the 4P theory to the marketing mix focuses more on strategies in marketing products.<sup>32</sup> In a study measuring the effectiveness of the 4P marketing mix on consumer satisfaction of Thai halal food products in Bandung, it shows only 2 factors that influence, namely

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<sup>29</sup>Aliakbar Jafari, "Islamic Marketing: Insights from a Critical Perspective," *Journal of Islamic Marketing*, Vol, 3, No. 1, 2012, pp. 22–34.

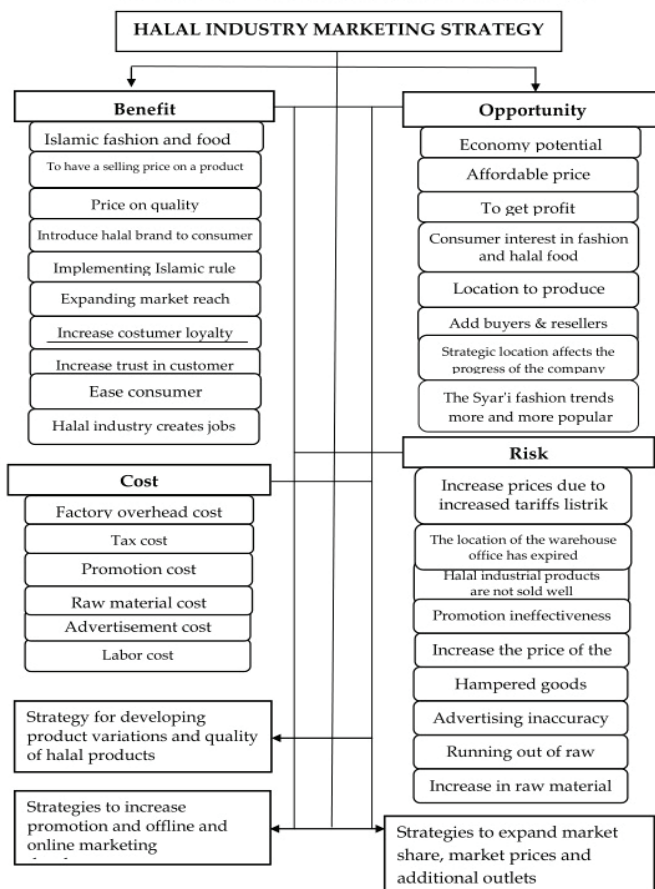
<sup>30</sup>Philip Kotler & Kevin Lane Keller, *Marketing Management*, 13th edition (New Jersey: Pearson Prentice Hall, 2009).

<sup>31</sup>Anwar Allah Pitchay, "Marketing Mix from Islamic Marketing Perspective," *SSRN Electronic Journal*, 2012; Mohd. Shuhaimi bin Haji Ishak & Osman Chuah Abdullah, "Islamic Perspective on Marketing Mix," *International Journal of Business and Management Studies*, Vol. 77, 2012, pp. 214-220.

<sup>32</sup>Muhammad Sulaiman & Aizuddinur Zakaria, *Jejak Bisnis Rasul* (Jakarta: Hikmah, 2010).

product and place factors. The reason is the product factor because Thailand’s instant packaged food products are high quality products, while place is easy to find in mini markets.<sup>33</sup>

Table 1  
Decomposition BOCR Halal Industry Marketing Strategy



<sup>33</sup>Faridah Hassan, Ismah Osman (et.al), “Contemporary Management and Science Issues in the Halal Industry,” *Proceedings of the International Malaysia Halal Conference (IMHALAL)*, pp. 111-120.

## Commodification of Religion and the Rising of Middle-Class Muslim in Indonesia

Since the rise in the public sphere, the symbolizing of religion to be an essential part of the context of commodity. Ronald Lukens-Bull argue that in Indonesia, religious bumper stickers and window/door decals have become a hot commodity. The data used here are stickers collected from 1994 to 2002 and are used to explore how religious commodities and their distribution become an institutionalized Islamic practice, specifically as a way to encourage Muslim youth in their endeavours to live according to the sharia.<sup>34</sup>

For this context, Hefner argue that another aspect to encourage the rising of middle-class Muslim in Indonesia is an integrated with the global economy in the 1990s, there were increasing influences from transnational Islam. Books, tracts, and cassettes by Middle Eastern Muslim thinkers flowed into Indonesia, conveying new and different ideas about what constitutes proper Muslim behavior and how Islam should be integrated into the nation-state.<sup>35</sup>

In further, this phenomenon spread into macro fields, especially in Islamic fashion, sharia hotels, and sharia banks. When the labeling of sharia and capitalism “having an affair” then rise a new phenomenon of commodification of religious symbols. Through this network—according to Noorhaidi Hasan—the Islamic revival messages have resonated loudly, influencing multiple social and political fields. The network, in turn, provides credible paths for upward mobility and also a market for commercial products.<sup>36</sup>

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<sup>34</sup>Ronald Lukens-Bull, “Commodification of Religion and the ‘Religification’ of Commodities: Youth Culture and Religious Identity,” Pattana Kitiarsa (ed.), *Religious Commodifications in Asia: Marketing Gods* (London & New York: Routledge, 2008), p. 226.

<sup>35</sup>Rachel Rinaldo, “Muslim Women, Middle Class Habitus, and Modernity in Indonesia,” *Contemporary Islam*, Vol. 2, 2008, pp. 23-39.

<sup>36</sup>Noorhaidi Hasan, “The Making of Public Islam: Piety, Agency, and Commodification on the Landscape of the Indonesian Public Sphere,” *Contemporary Islam*, Vol. 3, 2009, pp. 229-250.

Commodification of modernist values in Islamic culture turned out to result in the existence of a middle-class Muslim as class with unique characteristics.<sup>37</sup> Manneke Budiman argue that in the context of the New Order, the Indonesian middle-class tends to be too ‘individualistic, isolated, and easily fascinated by capital accumulation’ that it is nearly impossible for this group, including the professionals, to always identify themselves as part of the people in general. Through capitalism and industrialization that materialize in the form of development (*pembangunan*), the New Order silenced the people, and in Prasetyantoko’s view, the most successful silencing took place amongst urban society, who ‘benefited from the fruit of development on a daily basis.’<sup>38</sup>

However—in contemporary context—relating between Muslim fashion industries and middle-class Muslim in Indonesia having a revival marked by changes in religious values and an open minded that affects product choices that are increasingly rational and pay attention to religious principles.<sup>39</sup> Thus, religion is a significant force in the lives of many people in forming dress behavior for Muslim women because they must comply with the rules determined by Islamic laws, in which the fashion way indicates the level of diversity through religious values which consistently influences fashion behavior.<sup>40</sup> It should be underlined that halal business and commerce disseminates a new paradigm for the stakeholders where maximum profit is not the sole objective in business. It

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<sup>37</sup>Wasisto Raharjo Jati, “Islam Populer sebagai Pencarian Identitas Muslim Kelas Menengah Indonesia,” *Teosofi: Jurnal Tasawuf dan Pemikiran Islam*, Vol. 5, No.1, 2015, pp. 139-163.

<sup>38</sup>Manneke Budiman, “The Middle Class and Morality Politics in the Envisioning of the Nation in post-Suharto Indonesia,” *Inter-Asia Cultural Studies*, Vol. 12, No. 4, 2011, pp. 482-499.

<sup>39</sup>Madyani D. Yuswohady, Herdiansyah & Alim, *Marketing to the Middle Class Muslim: Kenali Perubahannya, Pahami Perilakunya, Petakan Strateginya* (Jakarta: Gramedia, 2014).

<sup>40</sup>A. O’Cass, Jin Lee & Siahtiri, “Can Islam and Status Consumption Live Together in the House of Fashion Clothing?” *Journal of Fashion Marketing and Management: An International Journal*, Vol. 17, No. 4, 2013, pp. 440-459.

must also be followed by the initiatives ensuring spiritual achievements. As a business organization, sharia compliant firms are expected to promote Islamic values in their operation.<sup>41</sup>

### **Benefit, Opportunities, Cost, Risk (BOCR) Analysis**

Priority determination analysis is based on the results of calculating the desired criteria as benefits and undesirable criteria as costs. In addition, there are criteria based on events that may occur as positive things (opportunities) and things that are negative (risk). In this article, the relationship between benefits, opportunities, costs, and risks is influenced by general factors. In this case it is influenced by aspects of the product, price, place and promotion.

To perform this analysis, the calculations were carried out using a pairwise comparison questionnaire. The resulting decision is divided into three parts, 1) the scoring system, 2) the merits of the BOCR decision as a consideration for making decisions, and 3) the hierarchy or network of relationships, facts (objectives) that make an alternative decision more desirable than others.<sup>42</sup>

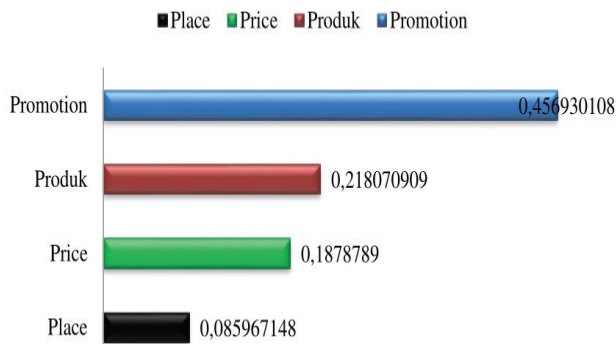
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<sup>41</sup>Faried Kurnia Kurnia Rahman, Tareq, Yunanda, Mahdzir, “Maqasid Al-Shari’ah-based Performance Measurement for Halal Industry,” *Humanomics*, Vol. 33, No. 3, 2017, pp. 357-370.

<sup>42</sup>T. L. Saaty, *Theory and Applications of the Analytic Network Process: Decision making with benefits, opportunities, costs, and risks* (3rd ed) (USA: RWS Publications, 2005).

*Priority Aspect*

After the stages of making the model and ANP assessment are carried out, the results obtained from the pairwise comparison of the BOCR criteria can be seen in the following figure:



**Figure 1: Halal Industry Marketing Priority Aspects**

The graphic data above shows the marketing priorities related to the strategies developed in marketing halal products with the first rank, running the promotion, with a mean geometric value (GMK) of 0.456. Second, the product, with a mean geometry value (GMK) of 0.218. Third, price, with a mean geometric value (GMK) of 0.187. Fourth, place, with a mean geometry value (GMK) of 0.0859. Meanwhile, the calculation of the rater agreement resulted in Kendall's Coefficient of Concordance or  $W = 0.352$ . This can be concluded that generally halal industry players by giving answers with a high rater agreement of 0.352. The majority of the informants agreed that the aspects of product, price, place and promotion were developed in the marketing of the halal industry in Tulungagung.

Based on the data from the informants' answers, the results of the BOCR calculation based on table 1 can be seen in figure 2 below:



Figure 2. Realistic Value

Based on the table above, the realistic results of the criteria show that the aspects of decomposition of the marketing mix aspects of the most priority are aspects of promotion (1.094), price (0.769), product (0.630) and place (0.595). Product promotion strategy with a realistic value with a value of 1.094 is the value obtained from  $(B \times O) / (C \times R)$ . Alternative marketing mix strategy that is most considered by SMEs for halal products.

Alternative Strategies	Benefit	Opportunity	Cost	Risk	(B/C)	( B / (CxR)	(BxO)/ (CxR)
					Standard	Pessi-mistic	Realistic
Strategy for developing product variations and quality of halal products	0,1899	0,20417	0,334	0,334	0,568234	2	0,347067



Strategies to expand market share, market prices and additional outlets	0,2559	0,26744	0,17	0,17	1,505403	9	2,36802
Strategy to Increase Promotion and Development of Offline and Online Marketing	0,357	0,30431	0,271	0,272	1,318775	5	1,47796

Based on the data above, it shows an alternative strategy to expand market share, market prices and additional outlets as the most prioritized strategy with a value of 2.368 as a long-term strategy in marketing halal industrial products. By building a wide market network and competitive prices, local producers will be able to compete with national producers such as Zoya, Robbani or Indofood’s Q-tela packaged food products and so on.

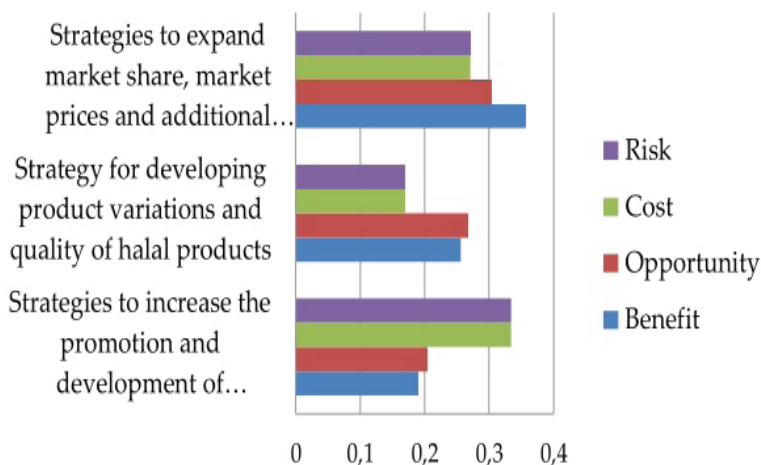


Figure 3. Priority Marketing Strategy Based on BOCR

Based on the output of ANP BOCR in the marketing of the halal industry, the priority of the marketing strategy developed by the halal industry players will be described in sequence, including:

*Strategies to Expand Market Share, Market Prices and Additional Outlets*

Judging from the benefits of 0.356 and opportunities 0.304, while the risks are 0.71 and costs are 0.270. Based on the calculation of the resulting rater with the Kendall Concordance Coefficient or W of the W value: 0.0087. This indicates that the level of agreement among informants is low. This happened because the informants had different insights as well as different backgrounds. Concordance Coefficient or W of the W value: 0.0087. This indicates that the level of agreement among informants is low. This happened because the informants had different insights as well as different backgrounds.

Based on BOCR analysis on the strategy of expanding market share, market prices and adding outlets, where the level of benefit and opportunity is greater than the cost and risk. With this condition, it is more profitable for halal producers to expand market share through developing distributors and adding outlets. Because the higher the intensity of product distribution, the greater the power and the greater the goods and services offered can be sold to a specific target market.

The addition of outlets or distributors in several regions has become a potential market. The strategy of adding marketing distribution network outlets is a way for products to reach customers. This activity explains how the product has been offered and can then be accepted by customers in accordance with distribution planning to increase customer satisfaction. The distribution channel with the addition of these outlets will basically make it easier for existing or new customers, most importantly, to provide faster customer feedback. In this process the customer also only focuses on talking about a distribution process, but how to build an intense relationship with all customers to solve a problem more quickly and accurately.

Product pricing according to market prices is based on the selected market segment based on market size, market growth, competitive advantage and existing competition.<sup>43</sup> Price is not just a number that appears on the label of a product but price also has a form and several other functions. As stated by Kotler & Keller,<sup>44</sup> the market price strategy has become the biggest factor influencing consumer purchasing decisions.

Strategy to Increase Promotion and Development of Offline and Online Marketing Viewed from 0.2 benefit and 0.019 opportunity while risk and cost amounted to 0.33. Meanwhile, the calculation of the rater agreement resulted with a Kendall's Coefficient of Concordance or W value of W: 0.0645. This indicates that the level of agreement among informants is low. This is due to differences in the backgrounds of the respondents which influence their respective thoughts and interests.

Based on BOCR analysis on market pricing strategies and increasing promotion shows that the level of costs and risks faced is greater than the opportunities and benefits. The level of risk faced is that halal products are unable to compete with other products, high price of product output due to production cost adjustments and halal industrial products do not sell well in the market.

Increasing the promotion of halal producers in Tulungagung is pursued through (1) advertising in the form of media including brochures, booklets, posters, audio visual display, billboards. (2) sales promotion using the media, providing training, gifts, samples and coupons. (3) public relations, media contact press, speeches, seminars, annual reports, sponsorships and magazines. (4) personal selling, media, sales percentage, sales meetings and trade shows. (5) direct marketing, the medium is through telephone, internet, mail and catalog marketing. Also take advantage of marketing through a digital sales system using Bukalapak, Tokopedia and Shopee marketplaces in addition to marketing through

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<sup>43</sup>Hendi Mustika Aji, *Manajemen Pemasaran Syariah: Teori dan Praktik* (Yogyakarta: UPP STIM YKPN, 2019).

<sup>44</sup>Philip Kotler & Kevin Lane Keller, *Marketing Management....*

social media, Facebook and Instagram.

### *Development Strategy for Product Variations and Quality of Halal Products*

Seen from the benefit of 0.255 and opportunity of 0.204, while risk is 0.170 and cost is 0.170. The calculation of the rater agreement resulted with a Kendall's Coefficient of Concordance or W value of W: 0.0084. This indicates that the level of agreement among informants is low. This occurs because of differences in views and backgrounds of respondents.

Based on the BOCR analysis on the strategy for developing product variations and the quality of halal products according to market needs, the aspects of benefit and opportunity are greater than the aspects of risk and cost. This means that aspects that can provide benefits or advantages for producers of the halal industry and all aspects that are profitable opportunities in the present and in the future are related to the marketing strategies developed by halal producers.

The dominant products of the halal industry is a packaged food products and the *syar'i* fashion industries. Product is a core element in marketing, because a manufacturer will not be able to be a market leader if it does not have a superior product in terms of quality and value. In Islamic marketing, it is attached to products that have Islamic values even though they are as strong as their physical attributes. Thus, defining a product as something that satisfies the needs and desires of consumers, including physical goods, services, experiences, events, places, properties, organizations, and information an important strategy.

### **Conclusion**

Based on the BOCR analysis, the results of this article are the marketing aspect is prioritized in the aspect of promotion. This promotional activity includes the promotion of halal product SMEs in Tulungagung, east Java through advertising, sales promotion, public relations, personal selling, and direct marketing. Its media through

marketing via telephone, internet, mail and catalogue.

Second, the priority of the benefits of the halal industry is to create jobs, the priority for the opportunity of the halal industry is competitive prices, the biggest costs borne are labor costs and the most threatening level of risk is that halal products are unable to compete with other products.

Third, the strategy priorities for the halal industry in Tulungagung are to produce three strategy priorities that are pursued by halal producers including, strategies to expand market share, market prices and add outlets; strategy to increase the promotion and development of offline and online marketing; and strategy to develop product variations and quality of halal products. All of them, relating with the rise of the middle-class Muslim in contemporary Indonesia, the commodification of religious symbols through halal-certification is one important factor that encourages the production of Muslim middle-class economy in contemporary Indonesia.

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