

Implementation of Sharia-Based Marketing

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Abstract

Globalization has brought changes to all aspects of life, including in the economic and social fields. Technological progress as an inseparable part of globalization and modernization is included in marketing. The purpose of this paper is to gain a better understanding of the concepts of sharia marketing, especially by considering Islamic and Halal trademarks and how Government Regulation Number 39 of 2021 is applied in Indonesia. The methodology used is a literature study. This methodology uses secondary data from various sources, such as books, journals, official websites, and relevant documents. The Miles and Huberman method is used to systematically analyze the data. The results show that Islamic marketing provides companies with many opportunities to expand markets, increase revenue, and enhance their reputation as organizations committed to Islamic values.

Keywords. Islamic Branding, Halal Branding

INTRODUCTION

In terms of marketing, there are no limits. Previously, "marketing" was the same as "sales", namely how producers could sell as many products as possible. Now it is not so; producers must be ready to adapt their production patterns to changes caused by shifts in people's behavior. Marketers will benefit greatly from studying and recognizing their consumers. Therefore, marketing is increasingly interesting. Products must be made based on the needs, desires, and environmental conditions where the product is marketed (Yudityawati & Fitriyah, 2022).

In the next ten years, it is estimated that approximately twice as many non-Muslims will become Muslims worldwide, with an average growth rate of 1.5 percent for Muslims compared to 0.7 percent for non-Muslims. By 2030, it is estimated that the Muslim generation will constitute 29% of the global youth population (aged 15-29). This demographic trend is boosting entrepreneurship and creating new jobs, despite significant economic challenges such as job creation, training, and social services (Adawiyah, 2021).

In general, using a halal approach when promoting a product can also eliminate negative perceptions that Muslim customers have about the product. For example, a study conducted in 2006 found that McDonald's in Singapore experienced an increase of 8 million visits after obtaining halal certification. Sales of snacks such as KFC, Burger King, and Taco Bell also increased by 20% after obtaining halal certification. Therefore, for marketers who want to run a business in a country with a Muslim majority population such as Indonesia, the concept of halal marketing is very important (Salehudin & Mukhlish, 2012).

As a country with a Muslim majority population, the demand for halal products is clearly high. For Muslims, choosing and using halal products, including consuming them, is their obligation and is part of worship to Allah SWT. The need for halal products in various fields, such as food, medicine, cosmetics, agriculture, pharmacy, and fashion, continues to increase. Large and medium-sized entrepreneurs have shown halal certification on their products because buyer behavior has changed. There are several theories related to sharia marketing that are used in current sharia marketing practices:

1. **Customer Value Theory:** This theory focuses on understanding the value given to customers in the context of sharia marketing. Customer value in sharia marketing includes not only financial aspects, but also moral and spiritual values that are in accordance with sharia principles.

2. **Islamic Market Segmentation Theory:** This theory focuses on market segmentation in the context of Islamic marketing. Islamic market segmentation involves understanding the characteristics and needs of consumers who have preferences for products and services that are in accordance with Islamic principles.
3. **Islamic Branding Theory:** This theory deals with brand development and management in Islamic marketing. Islamic branding involves establishing a brand identity that reflects Islamic values, consistent communication with consumers, and building customer trust and loyalty.
4. **Islamic Marketing Communication Theory:** This theory deals with effective marketing communication in the context of Islamic marketing. Islamic marketing communication involves the use of honest, transparent messages that prioritize Islamic values in interacting with consumers.
5. **Islamic Innovation Theory:** This theory deals with the development of innovative products and services in Islamic marketing. Islamic innovation involves the development of products and services that meet consumer needs by considering Islamic principles and providing added value to consumers.

Regulated by Government Regulation No. 39 of 2021, sharia marketing, Islamic branding, and halal certification are important elements in accommodating the needs and values of Muslim customers who are the majority of the population. Therefore, it is important to consider this regulation in Indonesia. This discussion strengthens the nation's Islamic identity and opens up business opportunities in a large market with a Muslim majority population in addition to ensuring compliance with Islamic religious principles. practitioners and academics in understanding the dynamics and challenges associated with brand development that is in accordance with sharia principles and applicable regulations.

RESEARCH METHODS

This study uses a literature study method, which relies on secondary data from various sources such as books, scientific journals, official websites, and related documents. The data was analyzed using the Miles and Huberman method, which consists of three stages: data reduction, namely the process of selecting and simplifying data; data presentation, where information is structured to facilitate interpretation; and drawing conclusions and verification, which ensure that the results of the analysis are supported by valid data and in

accordance with the phenomena being studied. This method aims to understand the concept of sharia marketing, Islamic branding, and halal certification, as well as the implementation of Government Regulation No. 39 of 2021 in Indonesia. With this approach, the study links various sharia marketing theories, such as customer value theory, sharia market segments, and sharia innovation, with marketing practices based on sharia principles which are increasingly important, especially in fulfilling halal certification obligations in Indonesia.

RESULTS & DISCUSSION

1. Sharia Marketing Trends and Opportunities

However, according to Hermawan, today's marketing also has a misconception that includes persuading consumers to shop as much as possible, marketing that ultimately uses the best packaging even though the product is bad, or persuading consumers to shop by any means. On the other hand, sharia marketing teaches marketers to be honest with customers and others. Sharia values prevent marketers from getting caught in such misconceptions because there are values that marketers must maintain.

Marketing based on sharia principles in Islam is known as sharia marketing. (Makiah et al., 2022). The goal of sharia marketing is to promote goods and services that meet Islamic ethical standards and Islamic financial principles. Sharia-based businesses use an approach known as the sharia product marketing trend to market their goods and services to customers. Products that follow the principles of Islamic finance that prohibit riba (interest), maysir (gambling), and gharar (uncertainty) are referred to as sharia products. Marketing of sharia products has trends and opportunities that continue to grow along with increasing consumer awareness of Islamic finance (Nadhifah, 2023). Companies can gain many benefits from sharia product marketing strategies because they not only open up new market opportunities and increase revenue, but also enhance the company's reputation as an organization committed to Islamic values. (Z. Mubarak et al., 2023). By focusing on sharia principles, companies can attract investment from the sharia financial sector, increasing profitability. In addition, this strategy makes a positive contribution to society by promoting sharia-compliant goods and services and raising awareness of the importance of choosing financial options that are in line with religious beliefs and values (Aldric, 2023).

With the increasing awareness of sharia product marketing, businesses can utilize strategies to attract investment into the sharia financial sector and create a positive impact for the entire community. This is in line because the previous sharia marketing was simpler and less widely known by the public than it is now. Because sharia marketing is now more well-known and widely understood compared to the previous sharia marketing, this is because there is an increase in public awareness of products and services that are in accordance with sharia principles.

2. Islamic Branding

Islamic branding is an idea in marketing strategy that aims to attract Muslim customers by implementing Sharia values. In addition, Islamic branding involves emphasizing the halalness of goods or services in accordance with Islamic religious values, such as halal certification, the use of halal ingredients, and production processes that comply with Sharia standards.(Yusuf et al., 2023). Thus, Muslim customers can be assured that the goods or services sold are in accordance with Islamic religious values. Islamic branding also involves honest and open communication with Muslim customers.

Islamic branding can mean using names related to Islam or showing halal identity for goods, such as Wardah, KFC, and sharia hotels. Islamic branding falls into three categories (Baker, 2010):

a. Islamic brand by compliance

Halal products made by Islamic countries and aimed at Muslim customers must demonstrate and have a strong appeal to customers by being compliant and adhering to Islamic sharia.

b. Islamic brand by compliance

Halal products made by Islamic countries and aimed at Muslim customers must demonstrate and have a strong appeal to customers by complying and adhering to Islamic law.

c. Islamic brand by origin

The use of a brand without having to show the halal status of the product because the product's country of origin is known as an Islamic country.

d. Islamic brand by customer

According to Nasrullah (2015), this brand comes from a non-Muslim country but has Muslim customers or its products are enjoyed by Muslim consumers. To attract Muslim customers, this brand usually includes a halal label on its products.

Building an Islamic brand strategy requires an understanding of Islamic values and how they can be applied to a brand. As part of the rapidly growing Islamic market, it is important for businesses to understand what consumers want and create a brand plan that appeals to them.

An important aspect of Islamic Branding is leveraging digital platforms to connect and interact with Muslim customers.(Rasyid et al., 2023). Through social media, mobile apps, and other digital channels, companies can build strong relationships with Muslim consumers and promote their Islamic-branded products and services. (Jaya, 2020). Islamic branding is not limited to definitions, brands, symbols, writings, or a combination of these elements. However, Islamic branding includes sharia principles, which are part of Islamic values.

Sharia marketing through Islamic branding aims to build strong relationships with Muslim customers in addition to creating brands that appeal to them.(Sukarni & Mahmud, 2024). Not only the elements of appearance and brand name, but also the sharia principles underlying the goods and services. Therefore, Islamic Branding is more than just a brand that provides comfort and trust to customers who prioritize Islamic values in everyday life.

3. Halal Branding

Halal branding is a process of developing and promoting goods and services that are in accordance with the principles of Islamic law, known as halal. Halal branding also involves the use of a clear and reliable halal logo or label on the packaging of goods or promotions.(Hidayatullah et al., 2024). This halal logo provides Muslim consumers with assurance that the goods or services have gone through a testing and verification process that meets halal standards. Not only in the food and beverage industry, but also in the beauty, pharmaceutical, tourism and other industries, halal branding is very important. Muslim consumers who are increasingly aware of the halalness of goods and services are an important target market for brands and businesses looking to expand their business. Businesses can build trust and loyalty among Muslim customers by

implementing halal branding, increasing competitiveness and expanding market share in the growing Muslim community.(Wafa et al., 2024).

Halal branding also involves the use of a clear and reliable halal logo or label on the packaging of goods or promotions. This halal logo provides Muslim consumers with the assurance that the goods or services have undergone a testing and verification process that complies with halal standards.(Muhaimin et al., 2023). Halal branding is a process of developing and promoting goods and services that comply with the principles of Islamic law, known as halal.

In the cosmetics industry, the definition of halal not only includes raw materials, safety, and production processes, but also refers to products that do not contain alcohol, pork, or other related ingredients. This shows how important it is to fulfill all Islamic law requirements thoroughly throughout the entire process of production, storage, packaging, and shipping. Halal labeling is done by adding a sign or statement on the packaging of goods to indicate that the goods meet the established halal standards (Montana & Kurniawati, 2024).

Basically, people make decisions with good intentions and using evidence. A person who voluntarily devotes himself to Allah and follows the teachings of Islam is called a Muslim. This concept, however, also includes people who may not be able to make the right decisions, such as minors and people with disabilities.

By obtaining halal certification, a brand or brand can gain trust from both Muslim and non-Muslim consumers because it guarantees the halalness of the product. In addition, halal certification also gives the brand additional value because it reflects the manufacturer's commitment to the quality, cleanliness, and health of the product. Thus, halal branding not only expands the market by attracting Muslim customers who prioritize halal products, but also expands the market by attracting non-Muslim customers.

In addition, halal branding continues to be an important part of marketing strategies, especially for products such as food and beverages that are considered vulnerable to halal issues. If the halal label is not required on cosmetic products, the influence of the halal label on brand trust may be small. Nevertheless, efforts to create a trusted brand image and prioritize halal values continue to be an effective strategy to maintain

customer loyalty, especially in a market that is increasingly aware of the health and cleanliness of the products consumed (Montana & Kurniawati, 2024).

Halal branding reflects a manufacturer's commitment to quality and transparency with a focus on the halal, hygiene and healthiness of the product. It attracts Muslim customers who prioritize halal products and non-Muslim customers who value brand integrity. While there are challenges and difficulties in developing an effective halal branding strategy, it is possible to improve product marketing and win customer loyalty, keeping it relevant and appealing.

The specific differences between Islamic branding and halal branding lie in the focus and objectives of the two concepts:

a. Islamic Branding

Focus: Islamic branding emphasizes the use of Islamic symbols and Islamic values in promoting products or services.

Purpose: Islamic branding aims to attract Muslim customers by connecting a product or service to Islamic values. This is achieved by using Islamic symbols such as Arabic calligraphy, verses from the Quran, or images related to Islam.

b. Halal Branding

Focus: Halal branding emphasizes the halalness of products or services in accordance with Islamic religious principles.

Purpose: Is to ensure that the product or service is made and processed according to Islamic rules, such as not containing haram materials or being touched by haram materials. Halal certification is also important in halal branding to provide assurance of the halalness of the product to Muslim customers. In marketing, Islamic Branding emphasizes more on Islamic values, while halal branding emphasizes more on the halalness of the product or service according to the Islamic religion.

4. PP No. 39 of 2021 and its Implications on Sharia Marketing

The government has enacted PP No. 39 of 2021 to strengthen the sharia and halal marketing industry in Indonesia by regulating the marketing of high-quality and halal local rice. The impact of PP No. 39 of 2021 related to sharia marketing is the existence of a law that regulates the halalness of products and their quality. With this regulation, sharia producers and marketing companies must ensure that their products meet the halal standards set by the regulation. This regulation can help improve fairness and

transparency in sharia marketing and encourage the development of products that comply with sharia principles. PP No. 39 of 2021 helps sharia marketing in Indonesia by encouraging the development of halal products and increasing Muslim customers' trust in these products.

To obtain halal certification, small and medium enterprises (SMEs) can use sharia marketing strategies. SMEs can increase Muslim consumers' trust in their products by utilizing sharia values such as fairness, honesty, and obedience to the rules. In addition, in an increasingly competitive market, marketing that prioritizes the halal aspect of the product can be an important factor that can make a difference. Sharia marketing can include the use of clear and reliable halal labels, the dissemination of clear information about ingredients and production processes, and communication that prioritizes virtue and blessings in every aspect of the business. SMEs can expand their market share by attracting Muslim consumers who are sensitive to the halalness of products.

In addition, small and medium enterprises (SMEs) can more easily access the certification process by working with halal certification bodies and local Islamic organizations. Therefore, SMEs can expand their market reach, both locally and nationally and internationally, by implementing sharia marketing effectively. Thus, they can increase the competitiveness of their products in an increasingly diverse and demanding market. In addition, this has the potential to help overall growth of the sharia economy by creating a principled and sustainable business environment (Nasrullah, 2015).

MSMEs have a great opportunity to utilize sharia marketing as an effective strategy to strengthen their product position in the market as regulations related to halal product assurance are getting stricter. MSMEs can expand their market reach with awareness of sharia principles, transparency in the production process, and cooperation with halal certification institutions and local Islamic organizations. Therefore, sharia marketing not only helps increase sales but also builds a principled and sustainable business environment, which helps the sharia economy grow. Therefore, MSMEs have the ability to provide halal and high-quality products to Muslim customers around the world, while making a significant contribution to the development of a sharia-based economy.

Regulations governing the obligation to comply with halal specifications include:

- Law (UU) No. 33 of 2014 concerning Halal Product Assurance: This law regulates halal product assurance organizers, halal inspection institutions, provisions for halal product materials and processes, and procedures for obtaining halal certificates. This law also regulates how products entering, circulating, and traded in the territory of Indonesia must have halal certificates.
- Government Regulation (PP) No. 39 of 2021 concerning the Implementation of the Halal Product Assurance Sector: This PP replaces PP No. 31 of 2019 concerning the Implementing Regulations of Law Number 33 of 2014 concerning Halal Product Assurance, and stipulates that certain products must have a halal certificate. The purpose of this regulation is to ensure that goods sold in Indonesia comply with Islamic halal rules. Companies operating in Indonesia are required to meet the specified specifications and obtain halal certificates for the goods they produce or sell. This aims to protect customers.

Research resultAzizah et al., (2023)which states that Islamic branding, halal labels and BPOM labels influence Muslim consumers' purchasing decisions on food and cosmetic products. This is also in line with the results of the studyMalihah, et al (2023)which states that one of the considerations of Muslim consumers in choosing products, especially cosmetics, is the halal label. The results of the studyUlfah et al., (2022)also said that the halal label is something that Muslim consumers pay attention to when buying frozen food products, this condition is because there are many types of frozen food and many manufacturers and suppliers. With the existence of this regulation, currently in Indonesia halal certification has shifted, which was initially only voluntary, now it has become an obligation or mandatory(MAR Al Mubarak et al., 2023)

CONCLUSION

Both large companies and SMEs can utilize sharia marketing as an effective strategy to achieve their business goals and convey Islamic values. Sharia marketing, which includes concepts such as halal and Islamic trademarks, as well as the implementation of laws such as PP No. 39 of 2021, provides companies with many opportunities to increase market share, increase profits, and demonstrate that they are companies committed to Islamic values.

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