

**ATTITUDES TO NEW ZEALAND SHEEP MEAT AND BEEF CONSUMPTION  
AMONGST MUSLIM CONSUMERS IN NEW ZEALAND: IMPLICATIONS  
FOR HALAL EXPORTS TO SOUTH-EAST ASIA**

**Mohiuddin Syed**

**1312932**

## Declaration

**Name of the candidate: Mohiuddin Syed**

This Thesis is submitted in partial fulfilment of the requirements for the Unitec Institute of Technology's degree of **Master of Business, 2012.**

I confirm that:

- This Thesis represents my own work.
- The contribution of supervisors and others to this work was consistent with the Unitec Regulations and Policies.
- Research for this work has been conducted in accordance with the Unitec Research Ethics Committee Policy and Procedures, and has fulfilled any requirements set for this project by the Unitec Research Ethics Committee.

Research Ethics Committee Approval Number: 2011.1182

Candidate Signature: .....

Date:.....

Student ID number: 1312932

# Acknowledgements

First of all I would like to thank my supervisors Dr. Ken Simpson, Business Development Manager, CIB Faculty Entrepreneurial and Prue Cruickshank, Lecturer, Communication Studies for their support during this research thesis work. Ken's guidance during all stages of my project helped enormously and made this work possible. It was great to have him as my principal supervisor - I couldn't have better supervision than his.

Secondly, many thanks to my employer EMA (Employers and Manufacturers Association) and especially to my manager at work Gilbert Peterson, Communications Manager, for co-operating and supporting me throughout my Master's graduation programme. It was otherwise impossible to complete this esteemed qualification while working full time and with no time-flexibility. Gilbert also helped me select the topic for my research, which I believe is a useful piece of work for academics and businesses alike. His efforts in establishing connections with key participants in the meat industry for interviews are much appreciated.

I am thankful to God for giving me an opportunity to gain this qualification that could boost my career. I'll always ask Him to provide me knowledge with wisdom.

People who I can never forget and without who this work would not have reached its completion stage are my parents, who always taught me to take bold steps in life and take risks; my wife Hafsah, who has been my source of patience and encouragement; my three little kids; my colleagues especially Mary Lim and Daniel Bourne-Hunt, lecturers at Unitec and active members of Facebook group 'Unitec Master of Business Thesis Support Group'.

Finally and most importantly, thanks are due to the focus group participants of Indonesian and Malaysian communities, and to personnel representing Government organisations, export companies and the Halal certification body which contributed to my thesis through interviews.

## TABLE OF CONTENTS

<b>DECLARATION</b>	<b>ii</b>
<b>ACKNOWLEDGEMENTS</b>	<b>iii</b>
<b>LIST OF TABLES AND FIGURES</b>	<b>ix</b>
<b>ABBREVIATIONS</b>	<b>x</b>
<b>ABSTRACT</b>	<b>xi</b>
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
<b>1.1</b> Background	<b>1</b>
<b>1.2</b> Outline of the project	<b>2</b>
<b>1.3</b> Aims and objectives of the project	<b>3</b>
<b>CHAPTER 2: LITERATURE REVIEW</b>	<b>4</b>
<b>2.1</b> Introduction	<b>4</b>
a The purpose of the literature review	<b>4</b>
b Research significance	<b>6</b>
<b>2.2</b> Terms and definitions	<b>7</b>
a Islam and Muslims	<b>7</b>
b Shariah	<b>8</b>
c Halal and Haram and in-between	<b>8</b>
<b>2.3</b> More about Halal food	<b>10</b>
a Halal food products sourced from animals	<b>11</b>
b Halal – a marketing opportunity or a compliance issue?	<b>12</b>
<b>2.4</b> Meat consumption patterns in Muslim societies	<b>16</b>
a Role of ethnicity and religion in food consumption	<b>16</b>
b Export requirements for Indonesia and Malaysia	<b>17</b>
<b>2.5</b> Meat and beef export industry in New Zealand	<b>17</b>

a	Special characteristics of export meat marketing	18
b	Implications of Halal meat production	19
c	The Halal certification process in New Zealand	20
<b>2.6</b>	<b>Marketing</b>	<b>20</b>
a	Marketing process, models and theories	22
b	Marketing mix – more than the four P’s	23
c	Marketing and advertising in Muslim countries	24
d	Mass marketing, globalisation and internationalisation	25
e	Cross-cultural communication and cross-cultural influences on marketing processes	25
f	Impact of Islamic religious and cultural influences on marketing processes	27
<b>2.7</b>	<b>Theoretical framework and the research question</b>	<b>28</b>
<b>2.8</b>	<b>Literature overview</b>	<b>29</b>
 <b>CHAPTER 3: METHODOLOGY</b>		 <b>31</b>
<b>3.1</b>	<b>Introduction</b>	<b>31</b>
<b>3.2</b>	<b>Philosophy of research</b>	<b>31</b>
<b>3.3</b>	<b>Research paradigm</b>	<b>32</b>
a	Quantitative vs. Qualitative	33
b	Reasons for selecting qualitative method for this research	33
<b>3.4</b>	<b>Research approach</b>	<b>34</b>
<b>3.5</b>	<b>Population and sample</b>	<b>35</b>
<b>3.6</b>	<b>Focus groups</b>	<b>36</b>
<b>3.7</b>	<b>Interviews</b>	<b>39</b>
a	Semi-structured Interviews	40
<b>3.8</b>	<b>Data collection methods</b>	<b>40</b>
a	Information regarding participants and coding	41
<b>3.9</b>	<b>Data analysis</b>	<b>41</b>

a	Unit of analysis	42
b	Thematic content analysis	42
c	Themes and patterns	43
<b>3.10</b>	Ethical consideration of research issues	43
<b>3.11</b>	Summary	44
 <b>CHAPTER 4: RESULTS</b>		<b>45</b>
<b>4.1</b>	Introduction	45
<b>4.2</b>	Results and analysis of focus group meetings	45
a	Consumer buying behavior	46
b	Demand	49
c	Quality, price and taste	51
d	Marketing/promotion of sheep meat and beef products	53
<b>4.3</b>	Interviews	53
a	The integrity of the Halal process	54
b	Supplying power	56
c	Promotion and Marketing	59
d	Awareness of opportunities by NZ food producers	60
e	Identified issues	62
f	Standardisation and support	65
<b>4.4</b>	Identified themes	66
a	Points of agreement	67
b	Areas of dispute	68
<b>4.5</b>	Summary	68
 <b>CHAPTER 5: DISCUSSION</b>		<b>69</b>
<b>5.1</b>	Introduction	69

<b>5.2</b>	Demand for New Zealand sheep and beef meat products in South-East Asia	69
a	New Zealand Halal sheep and beef export market is demand-driven	69
b	Economic growth is the main factor of increased demand	70
c	Seasons of the year when meat products are higher in demand	70
<b>5.3</b>	What is our capacity to supply to the identified demand?	71
a	Capacity to supply meat products to Halal markets at premium price	71
b	Inconsistent Halal slaughter procedure requirements by target countries	71
c	High level integrity of Halal processes within New Zealand	72
<b>5.4</b>	Are NZ food producers aware of the speed that global Halal market is growing?	72
a	Lack of knowledge and technical expertise	72
<b>5.5</b>	What is the Government's role?	73
<b>5.6</b>	What has to change to make a better match between supply and demand?	74
a	Difficulties in access to markets for New Zealand start-ups	75
b	Training New Zealand exporters on Halal export issues	75
c	Initiatives to recognise global standards in Halal industry	76
<b>5.7</b>	The Grand Research Question	76
<b>5.8</b>	Summary	77
 <b>CHAPTER 6: CONCLUSIONS</b>		 <b>78</b>
<b>6.1</b>	Introduction	78
<b>6.2</b>	Research sub-questions	78
a	To what extent are NZ food producers aware of rapid growth in the global Halal market?	79
b	What does the demand for New Zealand sheep meat and beef products look like in South-East Asian countries?	80
c	What is our capacity to supply to the identified demand?	81
d	What is the Government's role in helping market our premium quality meat products in international markets?	82

e	What has to change to make a better match between supply and demand?	83
<b>6.3</b>	The Grand Research Question	84
<b>6.4</b>	Research Implications	86
<b>6.5</b>	Further research suggested	86
<b>6.6</b>	Research Limitations	87
<b>REFERENCES</b>		<b>88</b>
<b>APPENDICES</b>		<b>95</b>
	Appendix A: Interview Questions to guide Focus groups	95
	Appendix B: Interview Questions to Exporters	96
	Appendix C: Questions to Government organisations	97
	Appendix D: Questions to Halal certification body	98

## **List of Tables**

Table 1:	Countries and the Halal certification organisations they recognize	15
Table 2:	Statistics of meatproducts exports to Indonesia and Malaysia	18
Table 3:	Positivism vs Interpretivism	33
Table 4:	Focus groups' demographics	38
Table 5:	Coding and interview methods	41

## **List of Figures**

Figure 1:	Halal Certification procedure for meat plants in New Zealand	21
Figure 2:	Conventional marketing development process	23
Figure 3:	Theoretical framework for marketing in cross-cultural environments	28
Figure 4:	Population and Sample	36

## **Abbreviations**

AHO	Approved Halal Organisation
AIKHAFI	Al-Kautsar Halal Food and Inspection
ASEAN	Association for South-East Asia Nations
CRQ	Central Research Question
FIANZ	Federation of Islamic Associations of New Zealand
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council
HDC	Halal Industry Development Corporation
HCP	Halal control points
MAF	Ministry of Agriculture and Forestry
MIA	Meat Industry Association
MUI	Majelis Ulama Indonesia
NGO	Non-government organisation
NZFSA	New Zealand Food Safety Authority
NZIMM	New Zealand Islamic Meat Management
NZTE	New Zealand Trade and Enterprise
OMAR	Overseas Market Access Requirements
PBUH	Peace Be Upon Him
PEST	Political, Economic, Social and Technological
RP	Research Purpose
SHIP	Super Halal Industrial Park
SME	Small and Medium Sized Enterprises
SPS	Sanitary and Phytosanitary Systems
TQs	Theory questions
UREC	Unitec New Zealand Research Committee
WHF	World Halal Forum
WTO	World Trade Organisation

## **Abstract**

The New Zealand Halal sheep meat and beef export market industry has faced several challenges in recent decades. This thesis examines and discusses the issues in this demanding field with respect to Indonesia and Malaysia as target markets. No previous research in this specific area has been performed.

The methodology used to conduct this research is qualitative. Locally resident Indonesian and Muslim consumers of Halal food were invited to focus group meetings. Separate interviews were conducted with exporters, Government agencies and a Halal certification body in New Zealand.

The study discovered that the South East Asian Muslim consumers are seeking animal based protein in their food rather than plant based protein. Food sourcing from Halal animals and methods are a given criteria in Indonesia and Malaysia. New Zealand has been showing good trading relationships with these markets and has gone extra miles to prove the integrity of Halal processes in the industry.

The study's results brief that there is a great demand for Halal sheep meat and beef products in Indonesia and Malaysia. New Zealand is capable of meeting this demand. However, there are areas that need to be addressed to improve the profitability to New Zealand exporters, food producers and food manufacturers. This improvement could lead to national economic growth, with SMEs (Small and Medium Sized Enterprises) sharing the benefits of this rapidly growing market.

Suggestions are made for further research in the last chapter of this research project.

# Chapter 1

## Introduction

### 1.1 Background

New Zealand is a country with a population of over 4 million. Its climate and fertile land help in developing and maintaining a very strong agriculture sector. The agriculture industry contributes almost a quarter of New Zealand's Gross Domestic Product. Production of agriculture goods is way higher than what the domestic market demands (NZTE, 2010).

In order to grow economically, New Zealand needs to make the best use of its natural resources. Export of animal products is vital for its economic growth. As per Statistics New Zealand findings, the number of sheep in year 2009 reached 32.5 million (NZTE, 2010).

New Zealand is actively involved in exporting animals and animal products globally. Though we have strongly traditional trade relationships with Europe and the Americas, our neighbouring countries in South-East Asia seem to be potentially stronger trade partners because of several reasons:

- New Zealand Government initiatives of Free Trade Agreements,
- Geographically closer locations, and
- Our claimed capability to deliver agricultural products to market needs in a competitive way.

Many countries in South-East Asia, notably Indonesia and Malaysia, have extremely large Islamic populations, and New Zealand exporters need to be aware that Muslim consumer requirements in terms of food and animal products are different from every other Western country's needs. To cater to these changing customer needs and to grow competitively, New

Zealand exporters need to be aware of those needs and be capable of fulfilling them more effectively than other meat producing countries. This research project addresses just one aspect of that change process, the nature of relationship between NZ sheep meat and beef exporters and Muslim consumer markets in Indonesia and Malaysia.

## **1.2 Outline of the project**

When it comes to exporting, New Zealand has a very good reputation, especially in relation to the meat industry and other animal products. In relation to South-East Asia, New Zealand retains many advantages over European producers.

We are already exporting *halal* meat to Malaysia, Indonesia, and other South-East Asian countries (Fischer, 2005), and have well established trading relationships with both of those countries (Calcinai, 2007). In fact, New Zealand is the largest exporter of *halal* slaughtered sheep meat in the world, and is a significant exporter of *halal* slaughtered beef (Calcinai, 2007). As a result, New Zealand has already been required to adapt its existing policies and procedures in its export activities and in its slaughter houses, to provide high quality *halal* meat that is in compliance with Shariah (Wan-Hassan and Awang 2009).

This research project does however suggest that there is far greater potential in these markets than has been exploited to date, and that a carefully planned and effectively co-ordinated marketing approach could well be successful in capitalising on that potential. The worldwide Muslim population demands a variety of food products that fulfils their religious and cultural needs, and the presence of 1.82 billion Muslims in the world makes the level of demand significant. New Zealand is capable of meeting a major part of this demand, by presenting high quality products in a culturally acceptable manner, but in order to do this the country needs to be aware of the extent to which the conventional approach to products and services marketing needs to be adapted to meet the demands of this well-defined market segment.

As such, there do appear to be some major barriers to this ambition being realized. Despite what appears to be a significant unabsorbed production capability, a huge market demand, and a sound capability image in the eyes of consumers, New Zealand *halal* meat is currently being exported to no more than a dozen countries (NZTE, 2009a), and just three local organisations have been approved by the New Zealand Food Safety Authority as AHOs (Approved Halal Organisations) (Zohrab, 2010).

Keeping the above facts and figures in mind, the overall purpose of this project is to conduct a formal market analysis of the demand for meat products amongst the Muslim populations of Indonesia and Malaysia, and to assess the current and future capability of New Zealand exporters to meet the demands of those markets.

The benefits of this research, both to the companies themselves and to the New Zealand economy, are obvious. By exploring and taking full advantage of new markets in a field where New Zealand has high levels of expertise, exporters will not only boost their sales figures as a result of business expansion, but also help the New Zealand economy grow and diversify.

### **1.3 Aims and objectives of the project**

As mentioned in the previous section, the overall purpose of this project is twofold:

- a) to describe the primary demand characteristics of the market for sheep meat products in Muslim South-East Asia
- b) to assess the current and potential capability of New Zealand sheep meat exporters to meet the demands of those markets

The literature background that follows provides a justification for these aims.

# Chapter 2

## Literature Review

### 2.1 Introduction

This chapter initially outlines the significance of the research topic before detailing the scope and purpose of the project. Terms and concepts are explained by citing definitions from academic journals and from books published on Halal issues. The section identifies and describes the issues that relate to Halal food and its marketing practices in the Muslim world. Different ingredients are also discussed that make the food Halal or otherwise.

The literature has been reviewed to study the consumption patterns and the size of the potential market in Muslim societies, especially in Indonesia and Malaysia. A meat and beef industry profile in New Zealand is included, to differentiate the special characteristics of export meat marketing and to identify implications for Halal meat production. Marketing processes, models and theories that constitute the main purpose of this research project, in terms of identifying barriers to growth and how they might be overcome, are discussed. Advertising in Muslim countries, and cross-cultural influences on marketing processes, are discussed by referring to articles found in business journals.

The Halal certification process in New Zealand is discussed by referring to New Zealand's Halal certification documents, and the chapter concludes with a proposed theoretical framework, research question and sub-questions.

#### 2.1a The purpose of the literature review

Relevant literature has been reviewed to find research undertaken on this topic in the past. Most of the references cited in this research project were produced within the last 12

years, which is to make sure the most current definitions and concepts are used throughout the presentation. However, some older sources are also used to help understand the different models and concepts more clearly.

The research in question discusses the supply of meat products, from a non-Muslim majority nation to countries where the demand comes from Muslim majority markets. Therefore, in order to identify the demand side effectively, it is essential to discuss cross-cultural marketing elements. Different marketing models by marketing scholars are also discussed.

The scope of this review is broad because it does not just contain findings written only for the New Zealand market, nor does it focus completely on sheep meat or beef as products. No published research has been found in this specific area, and this chapter will discuss any findings helpful in achieving the researcher's goals. The objective is therefore to see if anyone in any part of the world has done similar research that could potentially be used in this researcher's work, or require him to change focus to avoid duplication.

Until around twenty years ago, there were not many studies performed on the topic of Islamic management and Islamic marketing in Western or any academic fields. This was revealed by searching databases using the key phrases "Islamic Marketing" and "Islamic Management." Only two results were returned in the general database at Unitec. But during the last two decades, much has been explored in Islamic finance and accounting, Islamic leadership, and gender and management in Islam (Mellahi & Budhwar, 2010). For the study in question, the researcher aims to contribute to the knowledge base by identifying the gaps present in this fast growing industry.

The researcher also focuses on current marketing practices that the industry is using, and discusses if these are sufficiently viable to be treated as successful processes. Religious beliefs are the most relevant factors from the consumer point of view, resulting in specific consumer

behaviours, whereas marketing processes, awareness and accessibility issues are discussed from the exporters' perspective.

So, one of the main purposes of this literature review is to find if conventional marketing practices are effective when entering Muslim markets. Though the focus of this study is on Halal sheep meat, Halal beef and Halal by-products, with Muslim markets in Indonesia and Malaysia identified as target groups, the research looks at exporters and marketers, government agencies, and Halal certification bodies as other key stakeholders in these processes.

### **2.1b Research significance**

The number of Muslims world-wide has been estimated at between 1.2 billion and 1.5 billion, or one-sixth of the world's population (as cited in Riaz & Chaudry, 2004). This figure had dramatically increased to approximately 1.82 billion people in 2010, which constitutes a significant export market in any language (McKenzie, 2010). In fact Muslims represent 23% of the estimated 2009 world population, and are located in more than 200 countries. 60% of Muslims are in Asia and about 20% in the Middle East and North Africa. A fifth of the world's Muslim population lives in countries where Islam is not the majority (Lugo, 2009).

Several Muslim countries are net importers of foods which are processed primarily in North America, Europe, Australia, and New Zealand (Riaz & Chaudry, 2004). The enormous size of this food market, with an estimated value around US\$580 billion annually, attracts food manufacturers from Muslim and Non-Muslim origin countries alike – big firms like Nestle, McDonalds, Sadia, and Tyson Foods are showing keen interest, and appear very willing to adapt to the fast changing and rapidly growing trend towards Halal foods (Sungkar, Othman & Wan Hussin, 2008). The total demand for Halal meat and meat-based products in 2005 was 28.6 million metric tons, which was projected to rise to 34.8 million MT in 2010 (Sungkar, Othman et al. 2008). The proportion of red Halal meat has always been greater than for other meat in

comparison. The beef and veal market accounted almost 57% of total red Halal meat consumption, whereas lamb, mutton and goat accounted for 6% (Nazri, 1998).

Muslims nowadays are making their presence felt socially and politically and are requesting Halal labeled food (Bonne, Vermeir, Bergeaud-Blackler & Verbeke, 2007). Taylor (2009) considers that the need for Halal will continue to grow until it becomes a standard requirement across the globe rather than a regional practice. What then do non-Muslims need to understand about the concept of Halal?

## **2.2 Terms and Definitions**

As the reader may be unfamiliar with the terminology being discussed, brief and simple concept definitions are included here. Relevant terminology has been defined in brief, to help understand the next section that deals with marketing models and cross cultural issues. Some of the words used are from the Arabic language and hence defined to make it easy to understand their correct meaning within the context.

### **2.2a Islam and Muslims**

The term *Islam* is an Arabic word that translates to peace or submission to the will of God in every aspect of life. The followers of the world's second largest religion are called Muslims (Mellahi & Budhwar, 2010). Islam is built on five pillars of faith:

1. Shahadah - witnessing there is only one God
2. Salah – performing five daily prayers
3. Zakah – charity giving by those who can afford to
4. Sawm – fasting during the month of Ramadan
5. Hajj – Pilgrimage to the city of Makkah, Saudi Arabia, for those who can afford to.

(Bonne et al., 2007)

The religion of Islam is based on the Quran and the Hadith. Quran is believed by Muslims to be the word of Allah revealed to Prophet Muhammad, peace be upon him (PBUH). The collection of words that Muhammad has said, or enjoined, forbidden or did not forbid, approved or disapproved is called Hadith (Colson, 2004).

## **2.2b Shariah**

Shariah is the Arabic word for Islamic law. The English equivalent to Shariah is jurisprudence. Shariah covers not only the food laws but all aspects of human life. The sources of Islamic knowledge are the Quran, Sunnah, and Ijma. Sunnah is the example set by the prophet Muhammad (PBUH), whereas Ijma is the consensus of a group of Islamic scholars (Rehman & Shabbir, 2010).

## **2.2c Halal and Haram and in-between**

The word Halal in Arabic means permitted, allowed, lawful, approved, sanctioned, legal or legitimate, and is commonly used to differentiate between what is permitted, and what is not permitted under Islamic law, Shariah. The term Haram is usually held to mean not permitted, not allowed, unlawful, unapproved, unsanctioned, illegal or illegitimate (Wan-Hassan and Awang, 2009).

The basic ruling about Halal and Haram is taken from Quran, followed by detailed explanations and elaboration in Hadith. It is important to note that the concepts of Halal and Haram refer not only to food and food products, but also include goods and services such as pharmaceuticals, finance, logistics and bio-technology (Chua, 2010).

For the purposes of this research, however, Halal food is interpreted as food items that are free from any substance or ingredients taken or extracted from a Haram animal or ingredient.

Islamic dietary law clearly mentions Haram food as taken from the Quran. Two such verses are mentioned below:

*I find not in the message received by me by inspiration any (meat) forbidden to be eaten by one who wishes to eat it, unless it be dead meat, or blood poured forth, or the flesh of swine - for it is an abomination - or, what is impious, (meat) on which a name has been invoked, other than Allah's. But (even so), if a person is forced by necessity, without wilful disobedience, nor transgressing due limits, - thy Lord is oft-forgiving, most merciful(Qur'an 6:145).*

*He hath forbidden for you only carrion, and blood and the swine flesh, and that which hath been immolated in the name of any other than Allah; but he who is driven thereto, neither craving nor transgressing, Lo! then Allah is forgiving, merciful.*  
(Qur'an 16:115).

As a general rule, nothing is forbidden for human use and benefits other than what is prohibited in Islam. The two sources that Muslims refer to in order to find out what is prohibited are any verse of the Quran, or an authentic Hadith or Sunnah of Muhammad. This brings freedom for people to consume anything they like as long as it is not Haram (Riaz & Chaudry, 2004).

The other three major terms used in this context that are worth mentioning here are Mashbooh, Makrooh and Zabihah.

Mashbooh: There are food products that are questionable or doubtful due to the scholars' different opinions, or due to the undetermined ingredients in food products. Such things are called Mashbooh (doubtful) in Arabic language (Riaz & Chaudry, 2004).

Makrooh: Some things are not clearly Haram and therefore disliked by some Muslims. Such things are called Makrooh (disliked) in Arabic language (Riaz & Chaudry, 2004).

Zabihah: Meat that is slaughtered according to Shariah is called 'Zabihah'. If Zabihah slaughtered meat is not available, some Muslims in United States accept meat slaughtered by 'People of the Book' i.e. Jews and Christians, as long as they are safe from other Haram food products (Eliasi, 2002).

### **2.3 More about Halal food**

An understanding of Halal is vital to make clear the picture of the vast market for Halal food products; therefore some more detail about Halal as a practice, and also as a marketing concept, is described in the following sections.

Halal is a non-negotiable condition of trade with Muslim consumers. In addition, both exporting and importing countries throughout the world are beginning to make significant changes to their trading practices in order to take full advantage of this rapidly growing demand – and of rapidly growing consumer sophistication. Advancements in logistics management, information communication and technology, as well as the globalization of markets have resulted in recent major changes in the production, processing, sales and consumption of food (Wan-Hassan et al., 2009).

Some non-Muslims believe Halal to apply only to pork and alcohol. But attendance at the exhibition hall at the third annual WHF (World Halal Forum) at Kuala Lumpur, Malaysia, provided proof that Halal is way beyond just meat (Power, 2008). The Halal industry is expanding because Muslims are spreading globally, but also due to the nature of the global food industry as the majority of the Halal food industry is in the hands of non-Muslims. France exports three-quarters of its chickens as Halal, and Carrefour in France employs a Halal product coordinator to ensure that the supply chain is Halal from 'farm to fork' (Power, 2008).

Certain conditions must be met for meat to be considered Halal and therefore safe for human consumption. A pig cannot be slaughtered in the Islamic way then declared Halal since the animal itself must be from a Halal species like cattle, goats, sheep, and chickens. Next the slaughter person must be an adult Muslim. The knife (instrument) must be extremely sharp to cut the blood vessels of the animal as quickly as possible. The slaughter must ensure the spinal cord of the animal is not cut to separate its head from the body. And finally, an invocation pronouncing the name of God is required just before the slaughtering (Riaz & Chaudry, 2004). The translation of the prayer is *'In the name of Allah, Allah is great'*.

Should these principles be observed, and the subsequent processing, production, manufacture and storage of food products are kept in accordance with Shariah, and they do not come into contact with Haram substances or ingredients or their enzymes or emulsifiers during preparation, production and/or storage, then these food items are considered to be Halal (Kassim, 2010).

Any Halal animal products that come into direct or indirect contact with, or are contaminated by, any Haram products are designated "non-Halal", regardless of the stage of processing at which the contact or contamination has occurred (Zohrab, 2010). Sea animals permitted as food do not require to be slaughtered, as they are considered Halal and can be consumed as long as no contamination issues arise during processing. Four schools of thought in Islam itemize the differences in opinion regarding sea animals permitted for food (Wan-Hassan & Awang, 2009) but this topic is outside the scope of this research and is not mentioned in detail.

### **2.3a Halal food products sourced from animals**

The general perception of Halal in the non-Muslim world is limited. For instance, most food producers are not aware that Halal food requirements also include ingredients in a finished product. Biotechnology and issues related to genetically modified organisms are also important topics for food manufacturers (Riaz & Chaudry, 2004).

Muslim consumers are becoming more discerning. Bonne et al. (2007) mention that, in the past, Muslims simply avoided food that didn't meet their dietary standards. Dietary standards as mentioned in Shariah are very concerned with the health and hygiene aspects of food, and instruct mankind to follow the ruling of Halal and Haram when consuming food.

Cereal-based products including bread, cakes, breakfast cereals and cookies etc. mostly contain flour and sugar, though there are hundreds of other ingredients used in producing those (Riaz & Chaudry, 2004). Making a comprehensive list of Halal products is difficult because of technological advancements in the food industry, and because of different schools of thought in Islam. In the following sections, some of the major items used as ingredients in food products are listed.

Gelatin is a problematic animal by-product for Muslims, used in many food products including yoghurt, cheese, cream, ice creams, and pies etc. Gelatin is of two types; one is completely manufactured from pig skin and hence is Haram. The other is made from calf and cattle skin, which could be Halal if the source animal is Halal and the raw materials used in its manufacture are all Halal (Riaz & Chaudry, 2004).

Emulsifiers can come from Halal or Haram sources. Food manufacturers have now started printing this on labels, especially if from vegetable sources. Any emulsifier manufactured from vegetable sources is Halal whereas animal source emulsifiers remain questionable. Until a few years ago, enzymes were sourced purely from animals; however nowadays microbial enzymes are made that can make the product Halal as long as no Haram item is mixed with it.

### **2.3b Halal – a marketing opportunity or a compliance issue?**

Though New Zealand is the largest exporter of Halal slaughtered sheep meat in the world, and a significant exporter of Halal slaughtered beef (Calcinai, 2007), competition is strong. Other major suppliers of red meat to the GCC (Gulf Co-operation Council) countries are India,

Australia, and the USA, and this is an important market as it includes Saudi Arabia, Kuwait, Qatar, Bahrain, and Oman, all Muslim majority countries where consumption of Halal food is a given. A number of recent initiatives in Europe should serve as a warning to New Zealand exporters:

- The port of Rotterdam, Europe's largest and the world's third largest port, is currently setting up a Halal District Park to serve 30 million Muslims in Europe.
- The proposed £150m Super Halal Industrial Park (SHIP) in South Wales would make UK the landmark Halal center for the region (Kassim, 2010).
- Gategroup, British Airways caterers, believes it would be the first company from a country without a large Muslim population to make most of its food Halal. Maintaining Halal and non-Halal food at the same prices, and processing at the same manufacturing plants, is an expensive exercise, and there is considerable effort expended to avoid contamination of Halal food by non-Halal food. For these reasons, Gategroup is about to open a dedicated Halal kitchen at Heathrow (Clark, 2010).

When markets are as substantial as these, past loyalties can become strained. For example, New Zealand has strong trading relationships with ASEAN (Association for South-East Asia Nations) countries, including Indonesia and Malaysia, yet Malaysia in particular is shaping as a serious competitor for the Halal market – as Fischer (2005) has noted, “Malaysia plays an active role in this proliferation of Halal and specifically targets the U.K. as a major Halal market with a growing Muslim population.” (p. 409). Indeed, Malaysia has established a Halal Industry Development Corporation (HDC), responsible for promoting and generating awareness of business opportunities within the Halal sector, and HDC has introduced training modules to prepare future generations for the exponentially growing and globally accepted Halal market (Heem, 2010).

Despite the existence of some disquiet amongst Western commentators – for example, Fischer (2005) shows concern about what he calls the Halal revolution, and criticizes as excessive the

contamination provisions that Halal identifies - I would argue the religious facts, culture and consumer behaviour cannot be changed or altered; rather the marketing strategy should be developed and aligned in order to better meet the consumers' needs.

The New Zealand government does not directly get involved in the Halal food industry and its issues. However, agencies like NZFSA (New Zealand Food Safety Authority), and now MAF (Ministry of Agriculture and Forestry) are required to provide the necessary information to certifying organizations, to some importing countries, and to locally resident exporters. For this, the Animal Products Notice 2010 acts as a guideline, and can be considered as a step towards standardizing the processes of export certification.

As such, NZFSA claims to be New Zealand's recognized safety guarantor from a Halal perspective, but only in relation to exports to the countries shown in Table 1 (other countries with significant Halal markets are not necessarily accommodated). What this means is that importers working inside any of those countries may use the NZFSA list of approved Halal certifiers in order to verify whether a New Zealand exporter's compliance procedures are current and valid (Mckenzie, 2009).

At the time of writing, there were three approved Halal certifying organizations specific to the markets covered by the NZFSA: Al-Kautsar Halal Food and Inspection (AIKHAFI), FIANZ (Federation of Islamic Associations of New Zealand), and NZIMM (New Zealand Islamic Meat Management). However, in 2009, Indonesia issued a global list of approved Halal certifying bodies and, to the surprise of FIANZ and NZIMM, neither organisation was included on the list (NZTE, 2009b). Currently, AIKHAFI is the only organization in New Zealand that can provide Halal export certification to local food manufacturers and suppliers to Indonesian importers.

This simple example is indicative of the larger picture that is largely overlooked in a literature that has traditionally been more interested in the significance of Halal to the Islamic faith, and the global statistics of consumption of Halal food. While there is limited information available

from NZTE (New Zealand Trade and Enterprise) and NZFSA (New Zealand Food Safety Authority), no research has ever been undertaken into the difficulties facing New Zealand exporters operating in this market.

**Table 1: Countries and the Halal certification organisations they recognize**

Country	Organisation
Algeria	NZIMM & FIANZ
Bahrain	NZIMM
Egypt	NZIMM & FIANZ
Indonesia	AIKHAFI
Iran	FIANZ
Jordan	NZIMM & FIANZ
Kuwait	NZIMM & FIANZ
Malaysia	NZIMM & FIANZ
Oman	NZIMM & FIANZ
Qatar	NZIMM & FIANZ
Saudi Arabia	FIANZ
United Arab Emirates	NZIMM & FIANZ

NZTE’s trade commissioner, while discussing the opportunities available to New Zealand exporters interested in trading with Indonesia, identifies the lack of a standardized global certification process, and has called for positive change in that respect (NZTE, 2009c). Though this has been undertaken to a degree, in terms of certifying local meat retailers and restaurateurs, much less emphasis has been given to Halal food exports issues (Wan-Hassan and Awang, 2009).

In order to create a competitive culture, more exporters need to be educated and informed on Halal certification processes, and strenuous efforts should be made to gain access to Halal

markets. As such, my research investigates the scope and scale of existing barriers to access, by seeking comment from meat exporters.

## **2.4 Meat consumption patterns in Muslim societies**

Religion plays a very important role in people's lives. "Religious commitments and beliefs influence the feelings and attitudes of people towards consumption" (Rehman et al., 2010, p.63). Halal meat consumption in South-East Asia can itself be a topic of research. The different patterns of eating can be identified, and that may lead marketers and potential exporters to align their production and marketing strategies accordingly.

### **2.4a Role of ethnicity and religion in food consumption**

Ethnicity has many dimensions including "a sense of common customs, language, religion, values, morality, and etiquette" (Jamal, 2003, p.1601). Ethnicity can affect consumer behaviour in ways that include eating habits, dressing preferences and choices in leisure activities (Butt & Cyril de Run, 2009).

Jamal (2003) states that the marketing processes embedded in a society influence consumers and their buying behaviour. These behaviours can be stimulated and reinforced by incorporating ethnic reminders, such as language, or using an advertisement model of similar ethnic background - or a combination of these elements in marketing strategies. However, ethnicity is a dynamic concept which changes with societal relations. This is true in the context of ethnic dimensions, but if religion alone is the context then I do not completely agree with Jamal. My claim is partially supported by Mellahi & Budhwar (2010), who discuss the skepticism about the role of religion in the management of organisations.

## **2.4b Export requirements for Indonesia and Malaysia**

Many of the ASEAN (Association of South East Asian Nations) countries require even vegetable products to be Halal certified when importing. These nations' non-Muslim populations perceive Halal as a symbol of quality and wholesomeness (Riaz & Chaudry, 2004)

As for every country, Indonesia and Malaysia have their own export requirements. Jabatan Kemajuan Islam Malaysia, abbreviated to JAKIM, is the government entity established to ensure that all meat imported into Malaysia is Halal certified. Moreover, the meat must originate from meat plants approved by JAKIM prior to importing (Riaz & Chaudry, 2004). These regulations came into effect in 1982. Indonesia's religious council known as Majelis Ulama Indonesia (MUI) is Malaysia's JAKIM counterpart (Riaz & Chaudry, 2004).

## **2.5 Meat and beef export industry in New Zealand**

The red meat export industry contributes nearly \$8 billion to the New Zealand economy annually, but profitability has often been unsatisfactory for producers, processors and exporters alike (Meat Industry Association, 2011). When it comes to exporting, New Zealand has a very good reputation, especially in relation to meat and other animal products, and the following numbers, taken from Statistics New Zealand, will help understand the significance of the research topic:

- The total export value of meat and meat products from New Zealand to the United States of America in 2009 was \$1.01 billion, whereas United Kingdom and France imported \$804m and \$301m worth of meat and meat products from New Zealand respectively.
- New Zealand lamb exports were estimated for the year ending 30 June 2011 to be \$2.7 billion, an increase of 9.7 per cent on the previous year (Ministry of Agriculture and Forestry, 2011).

- As shown in Table 2 below, the percentage change between 2009 and 2010 for Indonesia for sheep meat products was +35.3% and for Malaysia +19.5% (Statistics New Zealand, 2010).

**Table 2: Statistics of meat products exports to Indonesia and Malaysia**

Country	2009 (meat and meat products)	2010 (meat and meat products)	2009 (beef, fresh and chilled products)	2010 (beef, fresh and chilled products)
Indonesia	\$113m	\$151m	\$8.9m	\$15.7m
Malaysia	\$50m	\$60m	\$0.54m	\$1.2m

These statistics show that there is a substantial demand for meat industry products from the predominantly Muslim countries of South-East Asia, and it is well-established that this demand is accompanied by a requirement that all such products must be Halal, or compliant with the requirements laid down by the Shariah (Sungkar, Othman et al. 2008).

The Red Meat Sector Strategy Report, a collective initiative of members of Meat Industry Association and Beef & Lamb New Zealand, was prepared by Deloitte and claims to be an umbrella framework that can be used by individuals and businesses to identify future opportunities and growth in order to increase profitability. The report however completely ignores the importance of a Halal export sector within the industry (Meat Industry Association, 2011).

### **2.5a Special characteristics of export meat marketing**

Distribution of sheep meat, beef, and by-products depends, as much as any other product or service, on the effort put into marketing practices. But the process of marketing of food products has specific requirements to address sensitive elements, including a careful analysis of ethics, religion and culture, and consumer behaviour. Detailed investigation is required to find

out how to improve the marketing and product components needed to meet these requirements.

Research has been done in the academic domain on certain topics that are related to what my research discusses such as: 'determinants of Halal meat consumption in France', 'Halal food in New Zealand restaurants' but no literature matches precisely what I am trying to achieve. For example, Dibben, Harris & Wheeler (2003) have covered the main aspects of relationships between entrepreneurs in different countries, but their findings did not include the culture, religion or ethics of the consumer groups. Marinov (2007) mentioned the basic facts, and described essential do's and don'ts, before entering South East Asian markets, but his findings are out of scope of what I am trying to achieve in my research.

Thus, though a significant amount of study has been undertaken in the last two decades on the topics of Islamic marketing and Islamic finance, no literature appears to differentiate the marketing processes required for Halal products, or meat per se, in Muslim markets, compared to other food products in Western markets.

### **2.5b Implications of Halal meat production**

With the considerable global acceptance of Halal principles in food products manufacture and distribution, organisations are increasingly recognizing the need for training associated with the Halal industry, and the need to establish global quality standards from a market based perspective. Until early 2010, Australia was the only non-Muslim majority country with an industry regulation concerning 'Muslim slaughter men' (Halal markets in other parts of the world, n.d.). But the New Zealand Food Safety Authority issued a notice in February 2010, mentioning the requirement of slaughterers to be Muslim alone (Zohrab, 2010).

Then, effective from 15 March 2010, the New Zealand Food Safety Authority issued a notice called *Animal Products (Overseas Market Access Requirements for Halal Assurances) Notice*

2010, pursuant to Section 60(1)(a) and 167(1)(a) of the Animal Products Act 1999. This notice requires that the Halal assessment and approval personnel must be employed by an AHO (Approved Halal Organisation) and must have attained NZQA certificate modules attaining NZQA standards 25924, 25926, 25927 and 26025 (Zohrab, 2010). It would be reasonable to assume these notices might have increased the confidence of importers, but no research has been done to assess the impact of these amendments.

### **2.5c The Halal certification process in New Zealand**

The Managing Director of Al-Islami Foods, United Arab Emirates, was asked about the importance of universal Halal certification. He acknowledged the difficulties in achieving this by saying:

1. There are different schools of Islamic jurisprudence, and each country has its specific regulations.
2. It is difficult to impose a set of rules on the world's leading producers from an economic point of view.
3. A consensus and harmonisation among the Halal industry, governments and international certification bodies is required to address this issue.

(Siddiqui, 2011)

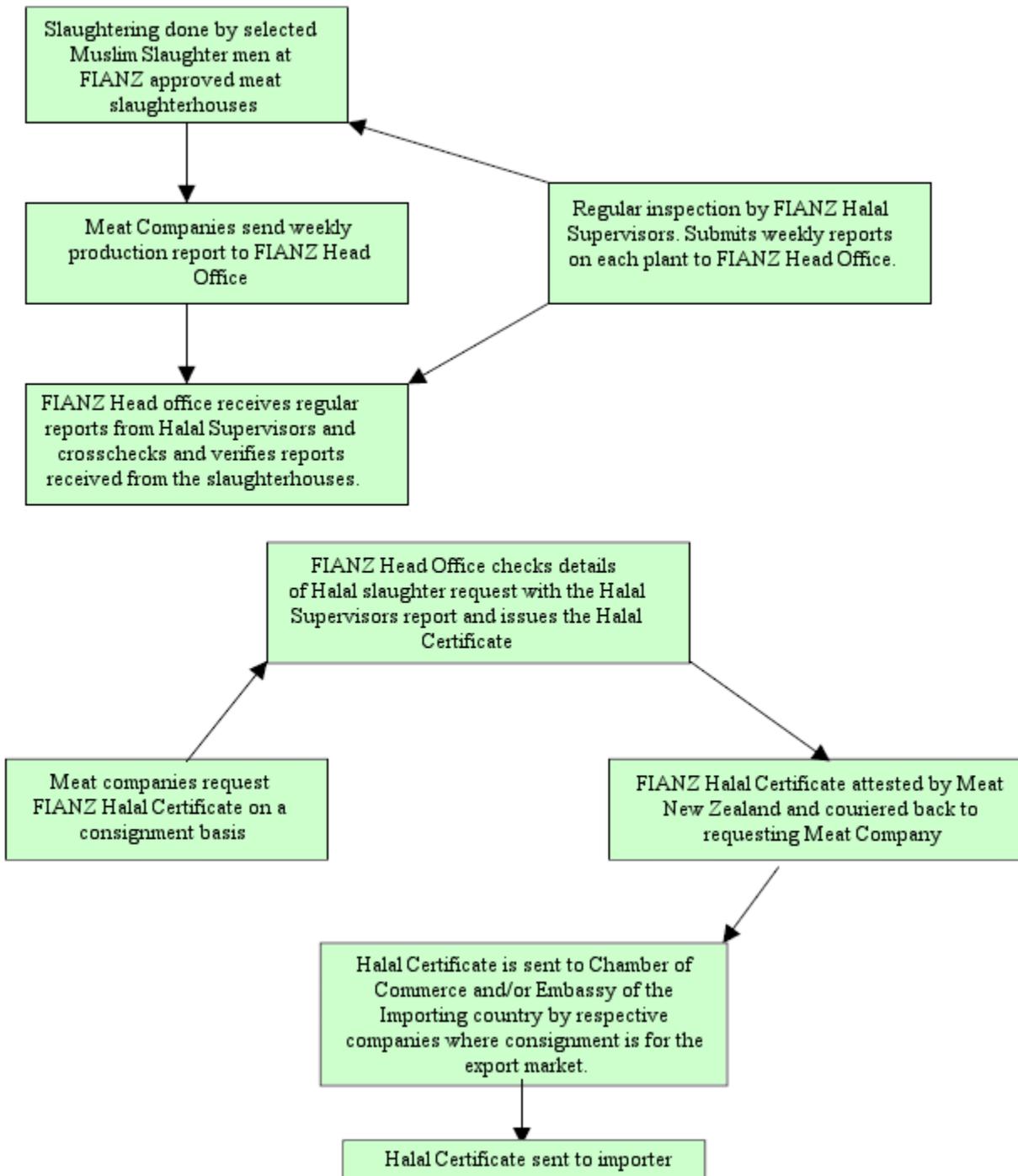
The Halal certification process as described on the Federation of Islamic Associations of New Zealand's website is explained in figure 1 on the following page.

### **2.6 Marketing**

The international Halal food trade is worth approximately \$580 billion, and New Zealand faces intense competition from many countries (Riaz & Chaudry, 2004). This section focuses on different marketing processes and different marketing models.

Figure 1: Halal certification procedure for meat plants in New Zealand

### Halal Certification Procedure for Meat Plants/Slaughter Houses



## 2.6a Marketing processes, models and theories

Marketing is an activity, a set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large (Adam & Armstrong, 2008). It is a process of connecting demand with supply, and is an essential activity that creates new relationships, brings new customers, and strengthens relationships with existing customers. In particular, marketing is a process of:

1. Analysing marketing opportunities
2. Selecting target markets
3. Developing the marketing mix
4. Managing the marketing effort

(Kotler& Armstrong, 2008)

Marketing models can broadly be classified into three different types: measurement models, decision support models, and theoretical models. The research being performed will be purely qualitative and hence the researcher foresees the marketing model to be used here as based on a theoretical model.

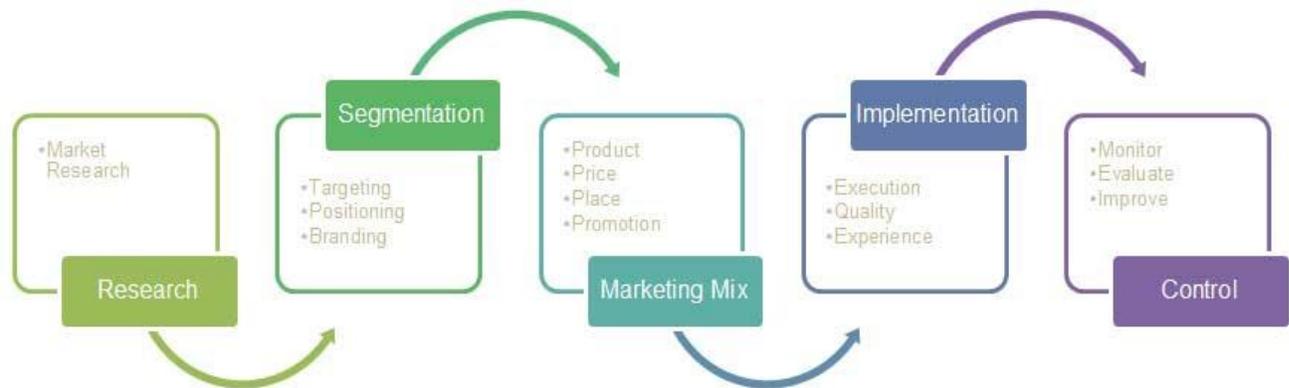
*“A theoretical model is a set of assumptions that describes a marketing environment. Some of these assumptions are substantive with real empirical content. They can describe such things as who the actors are, how many of them there are, what they care about, and the external conditions under which they make decisions, what their decisions are about and so on”*

(Lilien, Kotler, Moorthy, 1992).

The diagram below, by Kotler(1999), summarizes the stages in the market development process, and the key elements in conventional market development activity. This was the

conventional marketing development process that guided the researcher in framing questions that were eventually asked of the respondents.

**Figure 2: Conventional marketing development process**



(Kotler, 1999)

Marketers need to be very aware of factors that could impact their marketing efforts, and entry to new markets requires an analysis of political, demographic, economic, natural, technological and cultural environments. The researcher completely agrees with Bandarin, Hosagrahar, and Albernaz (2011), who suggested that culture and cultural heritage contribute a great deal to the development in terms of quantitative economic growth, as well as qualitative standards of equity and well-being. PEST (Political, Economic, Social and Technological) analysis could help marketers to improve their marketing strategy by helping to minimize the risks involved.

### **2.6b Marketing mix – more than the four P’s**

The concept of 4 Ps was introduced with Ps presented as essential variables of the marketing mix. The four P’s represents Product, Place, Price and Promotion (Vignali, 2001). In recent years however, 3 more P’s have been added to the marketing mix, representing People, Process and Physical (Vignali, 2001).

Emerging markets are usually pyramidal in structure, with a massive base of very poor people at the bottom (not likely to be a market) and a very narrow small point comprising the very rich. This is dependent on the development status of the country concerned, for the increasing wealth of nations has led to improved potential to tap the huge middle ground as a market for consumer products (Mitchell, 2000). The use of appropriate channels needs to be considered before entering new markets, with demographic research helping identify what works best with the target population.

### **2.6c Marketing and advertising in Muslim countries**

Salzman (2007) tries to explain the relationship between Western marketers and Muslims as a target audience, noting that identifying and marketing to Muslim consumers at a global level may involve more risk. In addition, the big brands fear alienating their non-Muslim consumer markets, and many will not go the extra mile to find out about Muslims. As such, they present their products only in local Muslim markets, with brands that suit the majority of the population.

Salzman's research was performed in the context of American Muslims, and it was perhaps no surprise that marketers often turn a blind eye to the American Muslim market. This finding is however found elsewhere and in other countries, for example the study of Halal meat labeling practices carried out by Ahmed (2008) in his survey of 300 consumers to find out the difference in buying behaviour in British supermarkets and local Halal shops. Ahmed found that the misuse of labeling in supermarkets was one of the main issues for Muslim consumers, for many do not trust big supermarkets when purchasing Halal meat and would rather go to their local meat shop run by a Muslim. The story in Malaysia is however different, as JAKIM provides Halal certifications before any product is placed on the supermarket shelves (Ahmed, 2008).

The four major factors in making a decision to purchase are: cultural, social, personal and psychological, therefore it is the responsibility of marketing managers to pay special attention

and consider these four factors by carefully investigating target markets. These factors are often long-lasting, and are crucial to identifying the key needs of target markets (Kotler & Armstrong, 2008).

## **2.6d Mass Marketing, Globalisation and Internationalisation**

It has often been said that mass marketing is no longer a feasible approach for marketers, and that it has become a thing of the past as consumers respond to differentiation and segmentation strategies (Jamal, 2003). However, Tim Ritchie, Chief Executive of the Meat Industry Association, replied to a media question by stressing the importance of meeting the needs of the marketplace, and added that there are enormous opportunities in India, China, and other countries (Bourne, 2011). So, in order to meet this type of demand, do we require mass marketing?

Globalisation is about developing strategies considering the whole world as a single entity, with standardised products marketed in global markets. Internationalisation, on the other hand, is about customizing marketing strategies for different parts of the world based on cultural and national differences. In order to be competitive, world players in food businesses need to adopt internationalisation rather than globalization, and firms must be flexible enough to implement their internal strategic goals at a local level, while their structure fits within an international environment (Taylor, 2009).

## **2.6e Cross-cultural communication and cross-cultural influences on marketing processes**

Culture and cultural heritage contribute a great deal to the development of economic growth, as well as to qualitative standards of equity and well-being (Bandarin et al, 2011). Research using the cross-cultural marketing theory of acculturation has emphasized four key issues when marketing in such environments:

1. Identification and segmentation of the target audience
2. Adaptation of message content to align with the cultures being targeted
3. Dependence on credible sources for information
4. Integration of the adapted campaign with its mainstream counterpart.

(Noble & Camit, 2005)

Effective communication and research activities have been considered to be two vital pre-requisites before entering into new markets where there is a different culture to that of the origin of the product (Mitchell, 2000). Because of recent advances in communication channels and technology, companies have found an easy way to spread globally with an exponential number of companies seeking market research information on a global basis.

In 2009, the global advertising spend was over US\$475 billion (Mitchell, 2000). Website marketing can be very effective in some countries, depending on the product and other variables – for example, Indonesia's use of internet is only 12 per cent when compared to Malaysia's that is 64 per cent. ("Internet World Stats - Usage and Population Stats", 2009).

Communicating effectively with consumers is a vital activity that cannot be taken for granted, and business history gives us valuable lessons around failing to communicate with consumers adequately. About 85% of 40,000 products introduced each year to the global marketplace fail, most of them because of cross-cultural communication misunderstandings, and others due to a lack of research (Mitchell, 2000). For example, Puffs tissues tried to introduce its product in Europe, only to learn that "puff" in German is slang for a brothel (Mitchell, 2000).

When discussing cross-cultural issues, we often note the differences in cultures and ignore the similarities. Similarities should actually be the starting point in researching other cultures as a different and effective approach to identifying differences. Once found, the differences can be addressed with marketing strategies that may require less effort but yield greater returns.

## 2.6f Impact of Islamic religious and cultural influences on marketing processes

Kotler (2000) states that the cultural characteristic of greatest interest to marketers is the persistence of core cultural values, the existence of subcultures, and shifts of values through time. In the case of Islam, where about one-sixth of the world population is spread across over 200 countries with a unique source of the religious teachings of the Quran and Sunnah, this becomes invalid. However, the researcher agrees with his comment on culture, that it is the most fundamental determinant of a person's wants and behaviour. Islam, in this sense, becomes an aspect of culture in itself, where the majority of Muslims, wherever they live, are extra-cautious about the food they consume.

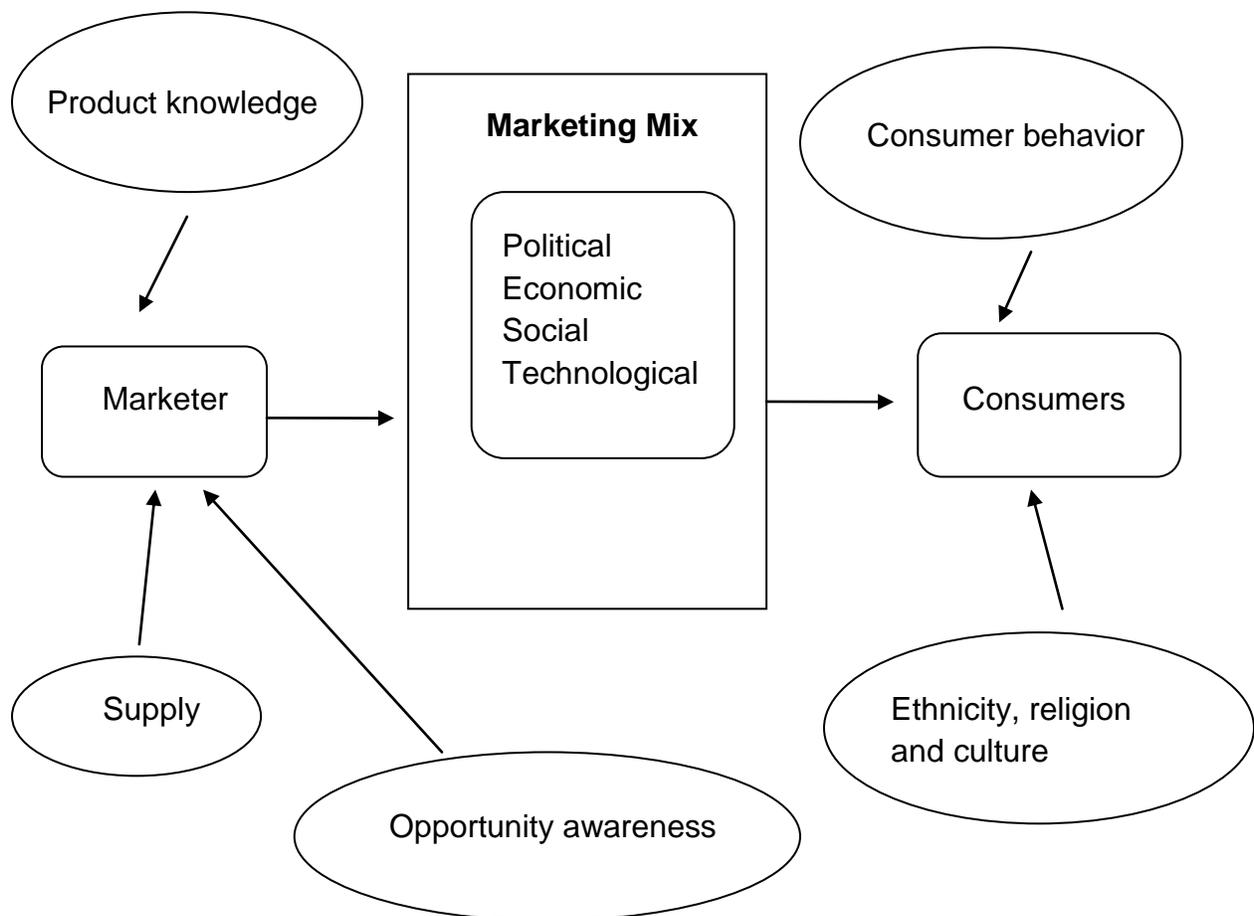
Porter classifies any religion as a subculture (Kotler, 2000) which Mellahi et al (2010) have critiqued. Classifying a religion as a subculture underestimates the role of religion in cross-culture management for the purposes of marketing. "Extensive research has been done on the impact of rituals and ceremonies in Japanese organizations, but little research has been carried out on the impact of religious rituals such as group prayers on organizational outcomes" (Mellahi et al, 2010, p.686).

People all over the world are now more conscious about foods, health, and nutrition, and the concept of hazard analysis has been used to identify Halal control points (HCPs). The demand for Halal products and the number of Muslim consumers can easily be an inducement for manufacturers to provide Halal products (Riaz & Chaudry, 2004), for in Islamic countries there are several sensitivities marketers should be aware of. For example, work in general has been encouraged for Muslims in Islam. The Quran states: '*God has made business lawful for you*' (Quran 2:275).

## 2.7 Theoretical framework and the research question

The researcher proposes the following framework as one that is suggested by the literature review, and one that could conceivably apply in cross-cultural marketing environments. In a cross-cultural environment, marketers must possess the right product knowledge and be fully aware of the opportunities, and should also be aware of the implications of those environments in balancing the supply-demand equation.

**Figure 3: Theoretical framework for marketing in cross-cultural environments.**



Marketers and consumers are the two ends of a stream and, in order to reach consumers effectively, marketers must not only consider the marketing mix elements and PEST (Political, Economic, Social and Technological) elements but also study other elements that could directly

or indirectly affect the marketing process. In this context, the grand research question can best be expressed as:

***What improvement does NZ Inc. need to incorporate in order to have better presence in sheep meat and beef products' export markets in Muslim majority countries like Indonesia and Malaysia?***

This research question can then be broken down into five supporting sub-questions:

1. To what extent are NZ food producers aware of the rapid growth in a global Halal market?
2. What does the demand for New Zealand sheep and beef products look like in South-East Asian countries?
3. What is our capacity to supply to the identified demand?
4. What is the Government's role in helping market our premium quality meat products in international markets?
5. What has to change to make a better match between supply and demand?

## **2.8 Literature overview**

This review of the Halal meat industry world-wide, and the growing importance of Muslim markets globally, have shown the significance of this research. This significance has attracted large food manufacturers, in Muslim as well as non-Muslim countries, to the rapidly growing Halal food markets. Europe's initiatives include investing huge sums of money, and go some way to proving why this market sector should not be ignored by New Zealand exporters.

This current research focuses on the supply and demand issues of Halal sheep meat, beef and animal by-products to Indonesia and Malaysia. Indonesia and Malaysia import figures for sheep meat and beef are steadily increasing each year, but there have been a few issues in recent

years that have alarmed the New Zealand Meat Industry. The New Zealand government has a very good understanding of Halal issues, and hence takes every effort to maintain good trading relationships with Muslim majority countries. There is an element of trust in the Halal industry but, despite all these positives, the main thing missing is a proper marketing strategy.

A review of world-wide statistics show there is indeed a significant demand for meat products. New Zealand's clean and green image, coupled with its premium quality animal products, has put New Zealand at the top of Halal slaughtered preference list. Involvement of the Ministry of Agriculture and Forestry, New Zealand Food Safety Authority and Halal certification bodies has been reviewed. The compliance issues relating to certification and market access have also been referred to.

A discussion on having global Halal standards has been reviewed, and found to be invaluable. But the study found that achieving such standards is difficult. Production of ethnically sensitive food items adds to compliance requirements, and this has been reviewed by referring to sources written by food scientists.

New Zealand suppliers belong to non-Muslim majority nations, while demand is driven from Muslim majority countries including Indonesia and Malaysia. Therefore, cross-cultural issues have been reviewed to better understand the marketing issues in such an environment. A Theoretical Framework has been developed to show why a traditional marketing mix is not sufficient to market Halal food products in Muslim majority countries, and different marketing models have been discussed in brief to support this concept.

# Chapter 3

## Methodology

### 3.1 Introduction

This chapter discusses the research methodology adopted to do this research project. In the beginning of this chapter, the research philosophy is described, with the two main paradigms discussed by using academic sources and books on business research methods. The reasons and justification for adopting the qualitative approach used for this research are also mentioned.

There are different reasons and motives why a research project is undertaken. For practical business reasons, despite having practical experience in the Information Technology field, the researcher chose this topic because it is far from technology, and purely relevant to business, marketing, people and export activities.

This research is part of the requirements to complete the Master's degree of the researcher. It is important for one to choose a topic that he/she is likely to do well in, and a topic where one might possibly have some academic knowledge in that area (Saunders et al, 2009). The researcher's sound knowledge of Halal concepts, coupled with his passion to explore this issue in the business arena, will make these findings sensible and usable for the business and academic communities alike.

### 3.2 Philosophy of research

Collis & Hussey (2003) note there is no consensus in the literature on how to define research. However, some agreement among scholars can be briefed in the following definition.

*“The employment of the scientific process to gain additional insight into a particular problem beyond the ordinary inquiry of the problem is commonly referred to as research.”*

(Rashid, 1973, p.30).

The research philosophy one follows contains assumptions about the way in which one views the world, and these assumptions support the research strategy and its associated methods (Saunders et al., 2009). The researcher’s particular view of the relationship between knowledge and the research process influences the philosophy. However the research philosophy one adopts is also influenced by some practical considerations. (Saunders et al. 2009).

### **3.3 Research paradigm**

Although having multiple meanings, the definition of the word paradigm used by Saunders et al (2009) is “a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted” (p.118).The term paradigm means different things to different people. As cited by Collis & Hussey (2003), Morgan suggests its usage at three different levels: Philosophical, Social and Technical. In loosely defined terms, the technical level paradigm can also be called a Methodology. The term Paradigm and Methodology however should not be completely interchangeably used.

There are two broadly used paradigms in business research: though there are different terms used by scholars to refer to these paradigms, the most general terms accepted in academic and business environments are quantitative and qualitative. The alternative terms for the Quantitative paradigm are Positivist, Objectivist, Scientific, Experimentalist, and Traditionalist. The alternative terms for the Qualitative paradigm are Phenomenological, Subjectivist, Humanistic and Interpretivist (Collis & Hussey, 2003).

### 3.3a Quantitative vs. Qualitative

It is an important part of the research process to decide the appropriate paradigm to use. One of the main factors on which the selection depends is epistemology, or the relationship between the researcher and that which is being researched (Collis & Hussey, 2003). The following table lists the major differences between two commonly used paradigms against the philosophies that are critical to any research.

**Table 3: Positivism vs Interpretivism**

Perspective	Positivism	Interpretivism
Ontology	External, objective and independent of social actors	Socially constructed, subjective, may change, multiple
Epistemology	Only observable phenomena can provide credible data	Subject meaning and social phenomena
Axiology	Research undertaken in a value-free way, the researcher is independent and maintains an objective stance	Research is value bound, the researcher is part of what is being researched
Data collection techniques mostly used	Highly structured, large samples, quantitative	Small samples, in-depth investigations, qualitative

Source: Saunders et al. (2009)

### 3.3b Reasons for selecting qualitative method for this research

The qualitative paradigm uses small samples to gather qualitative data that is rich and subjective, and displays a distinctive reliability and validity. Reliability is effective if a research finding can be repeated through replication, the process of repeating a research study to test the reliability of the results. This is important in quantitative studies where reliability is usually high.

Validity is about the research findings being accurately representing what is really happening in the situation (Collis & Hussey, 2003). As the purpose of this research is to find and address the

practical problems in the Halal meat export industry, its validity is given preference over its reliability. Reliability is important mostly in positivistic studies where research findings are expected to be repeated (Collis & Hussey, 2003).

The researcher's perception is that the global Halal food market has significantly grown in the past few years and New Zealand has more potential to reach these global markets. But, there are issues and gaps that need to be addressed in order to achieve this growth. In addition, in this research project, the researcher notes he has some involvement in the subject and is not completely independent of the research. Thus, the methodology used to carry out this research is purely qualitative.

### **3.4 Research approach**

This section briefly discusses the approach that has been used to conduct this research, and considers a number of precedents that exist in prior literature. For example, research on the relationship between religiosity and new product adoption was conducted by distributing questionnaires to university students (Rehman & Shabbir, 2010). These authors found that religiosity affects new product adoption among Muslim consumers and their beliefs influence the products they adopt. Papers discussing issues of social marketing communication in a multi-cultural environment also reveal that the right segmentation in order to identify the target audience is necessary. (Noble & Camit, 2005).

Studies were conducted on acculturation and food habits (Hartwell, Edwards & Brown, 2011) with the help of semi-structured interviews in England, and Halal meat consumption determinants were studied with the help of surveys in France (Bonne et al., 2007). These researchers found that a positive personal attitude towards consumption, the influence of peers, and the perceived control over consuming Halal meat can predict an intention to eat Halal meat.

The nature of this research however involved an approach that is beyond questionnaires and surveys. Therefore, a more qualitative research approach has been adopted to get a better insight of the issues.

### **3.5 Population and sample**

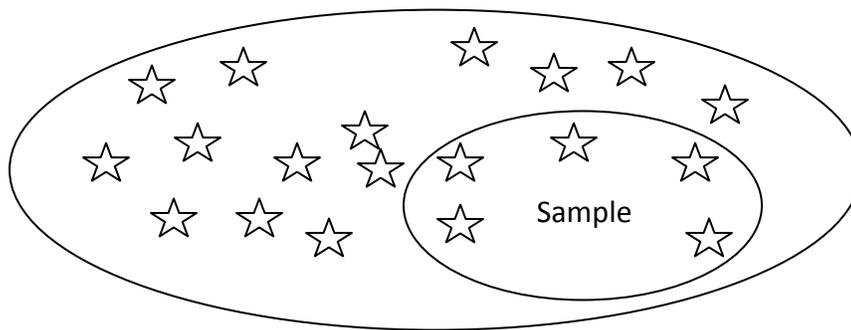
Saunders et al (2009) comment that sampling techniques are basically divided into two types: probability or representative sampling, and non-probability or judgemental sampling.

Probability sampling uses random selection methods. This means that the different units in the researcher's selected population should have equal probabilities of being chosen. In the case of non-probability sampling techniques, subjective judgement is used to select the samples and, in these types of samples, the findings from the study cannot be confidently generalised to the population (Sekaran, 2003). In the research in question, the researcher has used non-probability techniques for sampling purposes, as he has used his subjective judgement in choosing participants.

The concept of sampling makes it easy to collect relevant data, analyse it and then apply it to a population to reach results and a conclusion. Qualitative research requires an appropriate sample size that adequately answers the research question (Saunders et al., 2009). In figure 4, each star represents a case or an element. From an available population in any given domain, researchers select a sample i.e. a selection of elements that they can realistically collect the data from, within the given time and resource constraints (Saunders et al,2009).

Determining the issues with Halal sheep meat, beef, and other meat products requires a clear understanding of both religious implications and consumer behaviour. In this research the sample is selected from consumer groups, the exporter community, and relevant government agencies in order to get the necessary input from different perspectives of the problem.

**Figure 4: Population and sample**



Source: Saunders et al., 2009

In most research projects, it is practically impossible to collect complete sets of data in a specific domain, and for this project a series of interviews with key people from a range of organisations was conducted to investigate the supply related elements. Those key people were identified based on their experience and relevance to the topic. Marketing personnel from export companies were invited to help collect the relevant information relating to market access issues, and government agencies' representatives shared their experiences of doing business on a government-to-government level.

The best way the researcher found to determine the demand side issues of Halal meat export products was through talking with the target consumers of these products. Research resources did not allow the researcher to go all the way to Indonesia or Malaysia to meet consumers and other stakeholders, so locally resident individuals who reflected their home countries attitudes and beliefs were contacted based on simple qualifying criteria to talk on these issues.

### **3.6 Focus groups**

The purpose of having Focus groups for this thesis work is to have interaction among group members to the open questions researcher has asked. Individual interviews would have

gathered information to the greater depths but with the same themes and patterns. This is because of the similarities of participants in religion, culture and their food consumption habits. This section covers the purpose and criteria for selection of focus group participants, the process followed to invite participants, the drafting of questions, and the processing of results.

The population domain for the purpose of this research was Malaysian and Indonesian residents residing in Auckland at the time of group meetings. Halal food consumers having shopping experience in their countries of origin was the pre-requisite for them to have been chosen as participants. The pre-requisite for participants to join the focus groups were:

- Indonesian/Malaysian natives living in NZ
- Consumers of Halal meat and meat products
- Some shopping experience in supermarkets back in their countries of origin

Participants were invited from within the researcher's own community of friends and colleagues, and by contacting a Muslim Indonesian group in Auckland. Notices on mosques' notice boards helped to provide a convenience sample of appropriate participants.

Three focus groups were formed so the diversity in responses could be easily observed. It has been kept in consideration that the sample should include both genders from each target country - among fourteen participants, eight were women and six were men of different age groups. All the participants were English speaking adults and had domestic buying experience of meat products in their countries of origin.

Meetings were scheduled to accommodate these participants, at different places and times convenient to them. The proceedings were audio-recorded after receiving the participants' written consent for transcribing. Eleven participants were from Indonesian origins, whereas three were from Malaysia, and three of the fourteen participants were not Muslims. The purpose of accommodating non-Muslim participants in the process was to ensure diversity in

responses in terms of Halal buying behaviour from different religious perspectives. Malaysia in particular is a place of different races and religions, and it was thought vital to see how ‘Halal’ is conceived by non-Muslim consumers in those Muslim majority markets.

Fourteen participants were chosen, before categorising them into three focus groups, and the following table details more information on focus group participants. Presence of males and females in each Focus group was an ideal mix, especially because some Muslim women hesitate to respond to questions openly in presence of males.

**Table 4: Focus groups’ demographics**

Full Name	Code Assigned	Men	Women	Nationality
Focus Group 1	FG1	1	6	Indonesian
Focus Group 2	FG2	4	0	Indonesian
Focus Group 3	FG3	1	2	Malaysian

Meetings with focus groups prior to interviews with exporters and government agencies helped draft some open-ended questions, and the literature review also helped draft questions. The list of questions is found in Appendix A, and the topics covered were:

- Consumers perspective of New Zealand sheep meat and beef
- Existence of New Zealand meat products in media advertisements
- Reasons for buying or not buying New Zealand meat
- Preference of meat purchasing and what factors affect the buying decision.
- Existence of comparative products in the market
- Meat cuts and packaging
- Authenticity and trust on Halal certification

### 3.7 Interviews

This part of the research invited supply side participants to talk about the current issues relating to export of Halal meat and beef products to Indonesia and Malaysia, and those interviews mainly helped the researcher get answers related to the supply of products and the issues involved.

To cover the supply aspect of the research, a range of relevant stakeholders were contacted for interviews, including exporters of sheep meat and sheep meat products, Halal certifying agencies, and Government organisations and non-government organisations (NGOs) involved.

The interview process involved input from seven participants from relevant government agencies, a Halal certification body, and three key people in the meat export industry – the Trade and Economic Manager of a business association, the managing director of an Auckland based meat export company, and a market research analyst for an export company based in Dunedin. The majority of interviews were recorded for transcribing, but two participants (coded below as Org1 and Org2) did not agree for their interviews to be recorded. Hence, note-taking was used to take down their responses.

One of the main differences between quantitative and qualitative approaches is the difference in use of closed and open-ended questions respectively. Closed questions require the respondents to select from a number of predetermined alternatives (Collis & Hussey, 2003), while open-ended questions are questions where the respondents can give a personal response or opinion and are free to express their ideas in their own words. The set of open ended questions shown in appendices B, C and D was formulated before individual meetings were held, and the subsequent discussion with opinion leaders gave rise to more open questions not planned before the interview.

### **3.7a Semi structured interviews**

A main aim of the interviews was to find what was not known, the gaps in industry knowledge. In the case of semi-structured interviews, the questions raised and the matters explored change between interviews (Collis & Hussey, 2003), and a semi-structured method was used in order to have open discussions when conducting interviews.

Representatives from the government organisations were asked about their involvement in the Halal export process, about their marketing methods, and other major issues the Halal export industry is currently facing. Similar questions were asked of the other interviewees, slightly adjusted to specifically align with interviewee identity. The researcher wanted to find out if there are any major issues within the industry that he is not aware of and potentially should include in his work.

The outcome of interviews assisted the researcher to analyse the data based on available content to produce valid, reliable results. Questions asked to participants are listed in Appendices B, C and D.

### **3.8 Data collection methods**

Wengraf (2001) presents a model for analysing and interpreting any interview materials as below:

RP -> CRQ -> TQs -> IQs/IIIs.

In this formula, the process progresses from Research Purpose (RP) to the formulation of a Central Research Question (CRQ). Then it moves to Theory questions (TQs) derived from CRQ, and then from each TQ to a number of IQs or Interview Interventions. A similar approach was

adopted to formulate the interview questions for the semi-structured interviews with key informants in the industry.

### 3.8a Information regarding participants and coding

Three focus group discussions were delivered and are coded as FG1, FG2 and FG3 in the table below. Export companies participating in interviews are coded as C1, C2 and C3, with one of these codes belonging to the Meat Industry Association. Org1, Org2, and Org3 are the codes assigned to the Government departments interviewed, and the Halal certification body is coded as HC1. The following table summarizes the codes assigned and the method of data collection.

**Table 5: Coding and Interview methods**

Full Name	Code Assigned	Number of Participants	Type of interview
Export Company	C1	1	Telephonic
Export Company	C2	1	Telephonic
Export Company	C3	1	Face-to-face
Government Dept.	Org1	1	Face-to-face
Government Dept.	Org2	1	Face-to-face
Government Dept.	Org3	1	Email
Halal Certification Body	HC1	1	Face-to-face

### 3.9 Data analysis

Data has been gathered for analysis through face to face interviews, focus group meetings, and an extensive review of the literature. There is no clear description found in the literature on how qualitative data can be summarized and structured to arrive at valid conclusions. (Collis & Hussey, 2003), but data from different sources has been structured so the content analysis technique can be followed.

### **3.9a Unit of analysis**

Most of the focus groups emphasized that the fundamental unit of analysis must be the group and not the individual (Morgan, 1997). The nature of the discussions was largely based on religious factors of the product being Halal, and this may well be the reason why the majority of responses coming from each participant within the group were in agreement with each other. Therefore the fundamental unit of analysis for focus group interviews in this study has been taken as a group and not the individual.

All of the data gathered were transcribed before analysis, only one participant (Org3) was not available for a face-to-face or even a telephonic interview. Responses to some of the interview questions from Org3 were received by email.

### **3.9b Thematic content analysis**

Researcher used a Grounded Theory Approach in order to identify themes and patterns which becomes the basis of the discussions in the later part of the thesis. A number of software programs are available to help analyse transcripts (Anderson, 2007), and the researcher used Microsoft Word and Microsoft Excel programs to identify themes in this research project, as one of the useful features of these programmes is their ability to locate key words and phrases that eventually help to identify the underlying themes.

First, answers to each question were copied into an Excel file along with their location in the draft Word document. These were then moved to a new Word document where edit features like highlight, bold and capitalising the whole word/sentence were used to arrange them as themes for analysis.

### **3.9c Themes and patterns**

The emphasis in the focus group interviews was mainly to identify the demand for Halal meat in target countries' Muslim markets, and the researcher approached groups with a set of pre-defined open questions. Analyses of interview and focus group meeting results yielded patterns that helped the researcher draw themes that can be branched into the following three key areas:

1. Demand
2. Supply
3. Marketing and other issues

Ten themes were identified that are discussed in the 'Discussion' chapter later in this thesis.

### **3.10 Ethical consideration of research issues**

Ethics, in the context of research, refers to the appropriateness of the researcher's behaviour in relation to the rights of the subject of his/her work, or the ways in which subjects are affected by it (Saunders et al., 2009).

The research community is becoming more active in the way it treats ethical issues. As collecting data involves people, then this aspect of research obviously needs to be handled carefully by researchers (Oliver, 2010). In addition to a declaration from the researcher, the main sections of the Unitec Research Ethics Committee application included general information about the researcher and supervisors, general information about the project such as its aim, duration, sample size, types of interviews, research methodology, research question, sample questions to be asked by the participants, declaration of cultural and ethical issues, handling of data storage, and the expected values and benefits of the outcome.

The approval for this research was given by Unitec's Research Ethics Committee (UREC) for a 12 month application process starting on 15th September 2011 and ending on 15th September 2012. The application number allocated to the project is 2011.1182.

### **3.11 Summary**

This chapter has described the rationale for the research methodologies used in this business research project. The twofold objective of this research was to find out the demand characteristics for Halal meat products from the consumer side, and to assess the capability of New Zealand to supply this emerging market in Indonesia and Malaysia.

The topic included cross-cultural issues with a high religious significance. The researcher acknowledges that this is an investigation that is influenced by ethnicity, culture and religion concerning a business problem that has commercial elements attached. The research process also provided information on the knowledge and awareness levels among our exporters of the Halal food industry world-wide.

Justification to why the qualitative research methodology has been used to conduct this research has been explained in the beginning sections of the chapter. The content of this chapter also includes brief information about the interview participants and the type of interviews conducted. Interviews and focus group meetings were conducted over a 3-month period, and interviews were carried out by face-to-face and telephonic methods. One Government agency could not be physically available for interview and hence preferred to answer the researcher's questions by email.

# Chapter 4

## Results

### 4.1 Introduction

This chapter discusses the results and analysis of focus group meetings and semi-structured interviews to shed light on the research question:

*“How can NZ Inc. have a better presence in sheep and beef products' export markets in the Muslim majority countries of South-East Asia?”*

Three focus groups consisting of fourteen individuals and seven key representatives of export companies, a Halal certification body, and three respondents from relevant government agencies contribute to these results. This chapter is broadly classified into the following three sections:

- a) Results and analysis of focus group meetings
- b) Interviews with key people in the industry
- c) Discussion on themes identified, and summary of findings

### 4.2 Results and analysis of focus group meetings

Focus group participants were invited to attend meetings to share their buying experiences. Below are the questions categorized under four main themes, where each theme is represented by a sub-section that contains questions, answers from participants, and brief analysis by the researcher.

#### 4.2a Consumer buying behaviour

Different questions were asked of focus group participants in order to find out their buying behaviour. Questions about buying preferences, in terms of type of preferred outlet, were asked to gather the information to be covered in analysis, and the following section lists the questions and the responses received.

**Question:** *Where do you normally buy meat, local butchers or supermarkets?*

FG1 responded by saying it depends on quantity, for small quantities supermarkets are good, but for bulk-purchases like for parties, functions and festivals, the wet market is probably the best option.

FG2 mentioned that buying decisions depend on the location one lives in. For some group members, wet markets were more easily accessible than supermarkets. Another reason for buying at wet markets is the freshness of the meat and ease of making a choice.

FG3's response to this question was straight forward and in favour of local butchers and wet markets.

The above answers show that the following factors are considered by consumers before buying meat from the market.

- Type of shop, e.g. Supermarket or Wet Market
- Nearness of residence to shop
- Freshness of product
- Quantity sought

However, the inclination for a majority of participants was to prefer the local butcher or wet market shopping for sheep meat and beef, though FG2 discussed hygiene aspects while comparing shopping in supermarkets and wet markets. They said Supermarkets are more hygienic than wet markets in Indonesia.

Questions were then asked of focus group participants about usage occasions, cuts of meats available, and characteristics of packaging. Below are the questions and responses.

**Question:     *Do you have Barbecues as a common get-together event?***

FG1 said that they have something different called Satay. Whenever they organise social gatherings, a cook is employed to make satay for guests.

FG3 responded by saying they have barbecues, but they are not very common. What they frequently have is pot-luck dinners.

FG2's answer was very much in-line with FG1 and FG3 above.

**Question:     *Is meat cut and packaging important to you when buying?***

FG1 mentioned a special dish called *Rendan* that requires meat with no bones in. Normally this is not available in supermarkets, and they have to go to a local butcher to buy. This Group agreed that packaging is important when buying, with food products packed in transparent wraps appealing.

FG2 says it is very important for a woman, who is usually the cook in the family, to buy meat cut in a specific style. The group said that almost all type of cut are available in supermarkets, but it is much easier to ask a local butcher to prepare exactly what they need.

Each of the groups agreed that their own style of cooking has different meat cut requirements, and it is usually the women in the family who make the decisions on what cut has to be bought. Consumers are careful about different meat cuts and their packaging styles, which leads them away from supermarkets and towards local butchers. Though supermarkets sell a wide range of different meat cuts, they are not always helpful when you ask for a specific style of cut, eg. a Rendan dish of boneless meat with no fat.

**Question:     *What would restrict you from buying New Zealand meat?***

In group FG1 there were varied responses to this question. Some participants said they would buy New Zealand meat as it is organic, but others said they would prefer local meat because of its freshness.

FG3 said they would not buy New Zealand meat in their countries because of the price. Superior freshness is another factor in why they'd prefer local meat. "*Low price and fresh*" were two powerful advantages for this group.

Some participants preferred local meat for freshness over imported product. However they accept that New Zealand meat is more tender and is easier to cook than local meat.

**Question:     *While in Malaysia/Indonesia, do you check the ingredients of food products before purchasing to ensure they are from Halal sources?***

This question was posed to focus group participants to check the level of trust in the field. All the three groups responded the negative.

FG3 said as soon as the product arrives in Malaysia, the authorities check and put their Halal label on it. The Government division primarily responsible for this is JAKIM. FG1's response was no different to that of FG3's.

FG2 noted that the Indonesian Government has introduced a law some 3-4 years ago that any products' ingredients must be translated to Indonesia's local language Bahasa before it can go on a shelf. This is to gain consumer confidence.

**Question:** *Do you trust that the meat coming from overseas is truly Halal?*

One of the participants of FG1, whose uncle works for JAKIM in Malaysia, responded as follows:

*FG1: "My uncle has been to Brazil for inspection, I asked him why you don't come to New Zealand, when you import meat from here. He said that New Zealand has good processes in place and we don't have doubts about that, but we need to constantly visit other countries to ensure everything coming is purely Halal".*

On asking about the perceptions of Malaysian/Indonesian consumers related to New Zealand products in terms of their high levels of health and hygiene, FG3 responded as follows:

*FG3: "Yes, that's the perception and that's New Zealand's whole marketing advantage."*

#### **4.2b Demand**

Supermarkets are becoming very popular, and the preferred choice for consumers in Indonesia and Malaysia, so questions were asked to see if those consumers are aware of any marketing or promotional campaigns from New Zealand meat producers. The following section shows a lack of profile in our business-to-consumer marketing efforts. In addition, focus group members were able to identify some peak selling seasons of the year for sheep and beef meat products.

**Question:** *Indonesia imported \$155m of meat and meat products in 2010. Malaysia imported about \$60m worth of these. Who do you think the major customers are?*

Answers received for this question were varied. Some said that it is mainly from households, as the economy is growing rapidly in these countries. One participant in FG2 said that people who used to have wooden houses have now upgraded to brick and tile houses – from his personal perspective, this is an example of stronger buying power.

FG3 believed that it is mostly restaurants who are the direct buyers of meat products. This group agreed on the fact that the majority of working couples eat outside of their homes, and because of higher incomes they don't mind spending more money for quality Halal food in expensive restaurants and fast food chains.

*FG2: For local production there is not enough capacity, that's why we import more products. We also import livestock from Australia. The Indonesian farming industry is declining; there is less land for people. So, an easier solution is to import – the Indonesian economy actually grew when the whole world was having a financial crisis.”*

The researcher then investigated if there is a specific time or season of the year when there is higher demand for meat and beef than other times. Focus group participants were asked:

***Question: Are there any specific times of the year when export quality meat is in higher demand than others?***

FG1 responded by saying this occurs during Ramadan, and for the festival of Eid that immediately follows that Islamic calendar month of fasting.

FG2's answer was almost same as FG1's, with an additional comment that meat prices skyrocket during the month of Ramadan.

FG3 added Chinese New Year and Diwali (a religious festival celebrated by Hindus) to the list. But in the case of Diwali, the peak selling time is for sheep meat only, as beef is not consumed by Hindus due to their religious beliefs. They also commented on the issues of price control by governments as in the paragraph below:

FG3: *“During festivals like Eids, Chinese New Year, and Diwali, even the price goes up. Government shouts about controlling prices, but still...”*

It's clear that the demand at some particular times of the year is greater than at other times, and the increase in demand for meat and meat products yields a dramatic price increase.

All focus group participants agreed that there are certain times of the year when meat and its by-products are in greater demand. Due to a shortage of stock in the market, the price increases for local producers, which make it difficult for poor people to afford. Soya products are the alternative for those who can't afford meat in their daily diet.

FG1:*We do have soya products, so if we take less meat because of price etc., we go for soya products.*

#### **4.2c Quality, Price, and Taste**

Focus group participants were asked about the quality, price and taste factors of New Zealand meat and beef products. The questions and their responses from participants follow:

**Question:** *Do you prefer restaurants offering New Zealand meat in their dishes?*

FG1 is not very much concerned about the source of meat in their dishes, as long as the dish tastes good.

FG1: *“We don't bother about that too much, we just see if the dishes taste good etc. but we prefer if the meat is organic.”*

FG2 accepts the fact that New Zealand meat is organic, and the farming system yields high quality meat. The group compared New Zealand animals, especially cows, with Brazil's animals. They said New Zealand cows look much healthier than the others, and one would expect the meat textures to be better accordingly.

FG3 said that, being a resident of New Zealand and having tasted the meat, they would prefer New Zealand meat in their dishes when they are back in their countries of origin. However, the answer could be different if the same question is asked of someone who doesn't know the difference between New Zealand meat and local meat.

**Question:** *Did you get a chance to compare meat prices between local and overseas?*

A participant in FG1 said that animal products like kidneys and liver are much cheaper than the local produce. But this was not confirmed by some of the other members of the group who were not aware of this. FG2, as a group, agreed New Zealand meat is much more expensive than the local produce.

FG3 responded by saying that the New Zealand meat is sold at premium price in Malaysian markets. Local meat and even Australian meat is a bit cheaper there. They tried to justify this by saying that wet markets (fresh food markets) sell local and Australian produce, but they never saw New Zealand meat selling in wet markets.

**Question:** *Coming to taste, what do you prefer the most, New Zealand meat or local?*

FG1 preferred Indonesian meat because it's available while fresh. However they said that local meat takes longer to cook and this makes them opt for New Zealand meat.

FG3: *“NZ meat, it has different texture in NZ meat, and cooks well”*

In Indonesian/Malaysian local markets, New Zealand meat is the most expensive of all, compared to local meat and meat from other countries but all the focus group participants agreed on the better quality of New Zealand meat products. Especially the organic nature of meat appeals to them as consumers.

A majority said that the taste of New Zealand meat is much better, whereas a few preferred local meat over meat from overseas. Their justification to this was based on the freshness of meat and its availability right after its slaughter, and that local meat is not often frozen or refrigerated. Those who said local meat is tastier however agreed that New Zealand meat cooks well compared to local meat.

#### **4.2d Marketing/Promotion of sheep meat and beef products**

***Question: Have you ever seen any marketing material from New Zealand related to meat products in Malaysia/Indonesia?***

FG2 responded to this question negatively. They said “we do have food festivals and food shows, but have never seen New Zealand promoting meat products per se”. They indicated concerns that New Zealand assumes Indonesia has been our market and will continue to be so. New Zealand needs to invest much more to retain its trade relationships.

#### **4.3 Interviews**

For all participants in the interview segment of data collection, the integrity of the certification process is a vital element, and participants were involved to discuss this aspect in detail.

#### 4.3a The integrity of the Halal process

**Question:** *How do the food regulations help the export animal products?*

HC1, Org1 and Org2 were asked this question since the researcher considered they were the most appropriate authorities to answer.

HC1 is well versed in the complete inspection and certification process of Halal meat. He said that the meat industry asks HC1 for a plant to be certified, HC1 then does the inspection and if the inspectors (who are food scientists with expertise in Halal matters) are sure that the plant is 100% Halal, based on the inspection results the certificate is issued.

HC1 also raised a concern that some of the importing countries requested the presence of full-time inspectors on site. HC1 commented that New Zealand's process is sufficiently robust that they actually don't feel the need for each plant to have a full time inspector on-site. The following direct quote from HC1 reflects this perspective.

HC1: *"When a plant is 100% Halal and it has all Halal Muslim slaughter men and then we've the right to go there and inspect anytime, we don't need to have somebody present there on a full time basis. The systems are planned and nobody will play up there, no pork or any non-Halal process there. It's pretty straight forward."*

Org1 and Org2 showed strong confidence in New Zealand's food regulations. They emphasized that consumer confidence, firm trust and integrity of procedures and policies help the food export industry in doing their business to the best. On further discussions, they said that New Zealand is a member of World Trade Organisation (WTO) that is involved in the development of Sanitary and Phytosanitary (SPS) Systems which helps building trust in the industry.

**Question:** *While in Malaysia/Indonesia, do you check the ingredients of food products before purchasing to ensure they are from Halal sources?*

An exporter C2 also said in response to the question about integrity, that recently some 10 plants were inspected in New Zealand by delegates from the Malaysian authorities, out of which nine plants were approved, which implies that our Halal system and process is operating appropriately.

C2: *“the integrity of the Halal system in NZ is probably as good as anywhere in the world. Any changes no, I honestly don't think so. I think the integrity of our system is very robust.”*

No participant responded negatively when asked about the integrity of the Halal system in New Zealand. All agreed in their own words that the New Zealand Halal processes are completely tested and accepted with complete trust locally and internationally.

Health and Hygiene is a part of the Halal system. In order to get participants' perceptions on this important factor for any food related study, although no direct question was asked about hygiene in particular, related questions helped gather the following data.

HC1 commented that hygiene is part of the Halal system and therefore cannot be taken for granted in inspection or certification processes. A supporting quote from HC1 is:

HC1: *“Hygiene is part of the Halal system. During the slaughtering process if the animal dies before slaughter, then that animal is declared non-Halal or if there is any other thing like that then there is a special tag which is attached to that animal. There is always a spare slaughter man who will make sure that non-Halal carcass is followed through right to the place where it is stored away from the Halal carcasses.”*

Different questions were asked of export companies. While the Halal certification body was asked about the integrity of the certification process, and the level of trust the industry holds in its integrity, other organisations were mainly questioned on supply determinants. During the interviews, participants were also questioned about New Zealand's capability to meet the demand from Muslim markets. The full lists of questions are included in the appendix section of this report (Appendix B, Appendix C and Appendix D).

#### **4.3b Supplying power**

Interviews contained questions that gathered information about the supply aspects of sheep meat and beef products. In this section, the capacity of New Zealand as a supplier and the assessment of demand level in target countries are identified.

***Question: Do you reckon there is more demand for sheep meat, beef and food products that contain by-products of these in Indonesia and Malaysia, than currently New Zealand exporters are supplying?***

C3 responded to this question in the positive. However he emphasized the fact that New Zealand meat produce depends on farmers who have to consider the impact of weather on when they can supply.

HC1 also answered yes, by saying that his organisation receives lots of queries from all over the world, and then he passes the information to meat industry and export companies who are directly involved in the exporting process.

C1 raised some issues about the capacity to supply New Zealand meat to Muslim markets in South-East Asia. She compared the rate of economic growth in Korea and Hong Kong with New Zealand, and said New Zealand could have done better. However, she agreed that there is

demand from Muslim markets for Halal meat and there is room for improvement for us (New Zealand) as a supplier.

C2 compared New Zealand's beef industry with that of India, and New Zealand's sheep meat Industry with that of China. He said despite having large animal populations in these countries, New Zealand's place is still firmly in South-East Asian markets.

Org3 compared the supply levels with the growing population of Indonesia. She said in her email that the population growth and the rising wealth of Indonesians would indicate there is room for both local product and imported product.

All three export companies, a Government organisation and the Halal certification body agreed that New Zealand has the capacity to supply to South-East Asian countries as it has done so for several years. No one said it's beyond New Zealand's capacity. However C3 said that it is in fact a seller's market. Importers seek the source of the product rather than our exporters reaching them. The following paragraph is the quote by C3.

*C3: "...the way I know the business works, certainly from Indonesia is the importers come to New Zealand to discuss the products. So the difficulty is really - it's a seller's market. Importers actually have to seek the source of the product rather than our exporters trying to find somewhere to put products. The world is basically short of meat and particularly protein at the moment."*

**Question: The percentage of change in sheep meat exports between 2009 and 2010 for Indonesia and Malaysia was +35.3% and +19.5% respectively. What major initiatives do you think brought about this significant rise?**

HC1 said one of the main reasons for growing demand is the economic growth of the middle class people, especially in Indonesia. People are now demanding better product and therefore sourcing it from New Zealand and Australia rather than getting it from India or China.

C3's comments agree with HC1 with the addition that an underlying trend throughout South-East Asia is for higher demand for animal protein products. He said that as the people of developing countries anywhere in the world grow wealthier, they can afford to switch their diet from plant-based protein to animal based protein.

HC1: *"...instead of getting that [meat products] from China or India, they'll prefer something better even though it's more expensive."*

Org1 awarded some credit to the new standards for Halal export certification. She is quoted below as:

*"Emerging market access issues for New Zealand meat exports to Indonesia and Malaysia in recent years lead to the development of a framework for government oversight of Halal export certification. Potentially at risk were an estimated NZ\$2.85 billion in Halal products, should New Zealand's Halal export certification systems not meet the needs of developing world Muslim markets in the Middle East and South East Asia."*

In fact the direct customers of New Zealand sheep meat and beef are thought to be hotels and restaurants. This is also supported by one of the key exporters C3 who said in his interview:

*"...Indonesia takes only high quality product that goes in to the hotel, but 5-star hotels or whatever. We've high value meat cuts wherever in the world, like lamb racks."*

Answers from participants clearly show that there is obviously a growing demand and the main reason for this is the economic growth of the nations concerned.

### **4.3c Promotion and Marketing**

Issues related to New Zealand meat products marketing and promotion were identified with the help of a set of direct questions and discussions with participants. One organisation raised the issue of the complex nature of exporting as below:

HC1: *“... they have got their own marketing people stationed at different parts of the world. So that's the problem if someone wants to import directly from here, it's very difficult. We've got so many people from Fiji, Canada and America all people want to import directly but they can't do it; they've to go through their agents in those parts of the world. So, yeah it's pretty well controlled by the companies. If it's real free market and free world and all that kind of thing it's just for name sake I think.”*

A question was asked to find out if New Zealand has a process in place to sponsor or fund potential customers who visit as delegates from Muslim countries to see our processes and study the integrity of Halal issues:

**Question:** *Who sponsors/funds overseas delegates that could become our potential customers?*

HC1 answered that there was a recent instance when they funded delegates' visits from China. He said HC1 understands China is now the second largest Halal meat exporter, and funding these types of business visits will help the industry and nation to grow. However they identified that the meat industry itself should fund such visits from overseas delegates interested in our products.

**Question:** *Do you think that local exporters make the best use of the export training provided by your organisation?*

Org3 responded by saying that they are not the only agency providing advice and while they do talk regularly to their clients, they operate across different markets using different services at different times.

**Question:** *Do you think we have enough research available in terms of Indonesian/Malaysian consumer behaviour in this area?*

C3: *"I would say no, we have almost zero understanding of consumer preferences in those markets. To be honest there are marketers in our beef industry who have never tried to market to consumers. Our people deal almost exclusively in Indonesia and Malaysia with 3rd party importers, dealers, wholesalers, distributors and possibly with some large retailers I don't know. Certainly they are not doing consumer marketing as such anywhere in Southeast Asia - to my knowledge."*

#### **4.3d Awareness of opportunities by NZ food producers**

An awareness of opportunities for trade has been identified as one of the main themes. Organisations' responses received to support this theme were as below:

**Question:** *Do you think our exporters or food producers are well aware of the opportunities existing in this field?*

C1 said the majority of food producers are probably not fully aware of Halal practices. Moreover they are unaware that the Halal food industry has been growing exponentially in the last decade. They need to be educated about Halal requirements and other compliance issues.

C2: *"It's certainly a growing industry and not just confined to South- East Asia and Middle East. North America, Europe. It's a strong niche market; New Zealand had some issues in*

*Europe in meat industry about Halal labeling etc. We wanted to be there, that's why New Zealand has put all their efforts into all these. But it's certainly growing."*

**Question:** *How well do you think New Zealand sheep meat/beef is promoted in Malaysia/Indonesia?*

C2 said that we (New Zealand) used to do lots of promotion and marketing in 1970s and 80s in South-East Asia, but in the 1990s the meat industry shifted its focus to North Asia; Japan, Korea and Taiwan.

C2: *"The meat board should be seriously rethinking their strategy. Now that lots of changes are going on in North Asia, they should focus back to Indonesia and Malaysia which potentially has more growth opportunity than Korea does."*

C2: *"In Europe, in terms of targeting Halal market, we're getting more orders from our regular clients - saying with this container we would like Halal meat. We are seeing it more and more, basically from eastern Canada. Recently we got one from Philadelphia for processed meat with the condition of it being Halal."*

From the above responses it is obvious that there is a considerable opportunity for New Zealand to grow its export figures.

**Question:** *Do you think that non-Muslim exporters have difficulty in understanding the right meaning of the Halal processes?*

HC1 said this is one of the major issues in the industry. A lot of people think that Halal is just the way the animal is slaughtered. Food producers are not aware that there are other things too that need consideration in the process.

HC1: *“We need to educate these people, even cheese should be Halal. People are gradually coming to grips with it.”*

**Question:** *Do you think our new exporters are aware of the fact that we have good trading relationships with Indonesia and Malaysia and there is something called the Halal industry that they can penetrate in order to get more profits?*

C3 said that companies like Fonterra have their own religious standards department. In essence big organisations have sufficient processes and systems in place to deal with this type of thing. Other export companies probably don't have the understanding that could help them grow further in this field.

C3: *“I think for some Kiwis it's a foreign concept.”*

Awareness of the opportunity at the macro level is necessary for business leaders, but an understanding of the processes involved is something to spread all the way through to the front-level staff of exporters and food producers. Questions were asked of companies and other organisations to see if the key people in the industry are adequately aware of the opportunities in producing, exporting and maintaining the supply chain for Halal meat.

#### **4.3e Identified Issues**

In this section the participants were asked questions that relate to compliance issues and any general issues to them and to the meat industry in general.

**Question:** *What are the issues faced by exporters in this area?*

C2 identified issues mainly with the inconsistent Halal slaughter procedure requirements imposed by Malaysia on New Zealand and Australia. He said New Zealand struggled to get quick resolution to some of those issues.

Coincidentally, C3 pointed out the same issue by saying that there are a set of Halal barriers that impact in different ways. One of them is plant-by-plant based approval of premises by Malaysian and Indonesian authorities, and the other is due to a ban on New Zealand based Halal certifiers. He said that Indonesia subsequently set up its own certifier in New Zealand to monitor the export of Halal meat products to Indonesia.

C3: *“Yeah, one of the other challenges for Indonesia is that they now have a very opaque system around acquiring import licenses to import meat that effectively established an informal quota of imported meat, you can only access to that quota. But established guys know how to get them whereas small or start-ups don’t. This is just an example of the complexity of doing business in countries like Indonesia and Malaysia or generally South-East Asia that we Kiwis don’t have a brilliant appreciation for. This is one of the reasons we rely heavily on those in-market people to do lot of our marketing for us.”*

C1 indicated concerns about New Zealand being no good at globalisation. She said New Zealand needs to be more prominent in technology and in business. She compared New Zealand with Hong-Kong and Korea saying these countries are far ahead of us in economic growth.

Organisations were asked their views on Free Trade Agreements and whether these helped in acquiring more business with the countries who signed FTAs. Responses received from C3 and C2 were not in favour and are quoted as below:

**Question:** *How do you think that the meat industry has responded to the free trade agreements, especially with South-East Asian countries?*

C3 responded to this question by saying that technical and Halal regulations had a much greater positive impact on trade than free trade agreements as such.

C2's answer to this question was a Yes and No. He addressed the issues with the then Labour Government, which did not take the Halal slaughter issue seriously to promote New Zealand in Malaysia. The following quote from him will illustrate this clearly.

C2: *"It's very hard to say, one would hope it (FTAs) might have some positive influence, but we found in our previous New Zealand Labour government that they were very reluctant to address the issue of Halal slaughter and promote New Zealand in Malaysian markets again. There were other issues that they wanted to sort out with Malaysia under the FTA, so yes and no."*

The trend of having an agent representing NZ products in the target countries creates market access issues. HC1 said this process is good for big export companies, whereas new entrants always struggle to find the right channels to export their products.

HC1: *"it's not as free market as one would think it is."*

The Animal Products Notice issued in 2010 by New Zealand Food Safety Authority (now Ministry of Agriculture and Forestry) helps exporters in different ways. Most participants showed their gratitude to the authorities involved in preparing the following robust notice.

Org1/Org2: *"NZFSA's Animal Products (Overseas Market Access for Halal Assurances) Notice 2010 came into effect on March 15 2010, and covers competency standards, approval of Halal certifiers, quality systems, and standards for product identification, segregation, traceability and export certification to specified markets."*

#### **4.3f Standardisation and Support**

Organisations were asked if standardising the Halal process and its certification would help them and the industry at large. Responses received were positive and are as follows:

**Question:** *Are you in favour of standardised global certification process. Is it possible or achievable?*

HC1 was completely in agreement to this question. He said, for instance if you have a global standard for animal stunning, and all other issues, this will make things easier for everybody in the industry.

C3 too said it'd be great to have such a globalised system. But he discussed the current labeling issues by saying that New Zealand has no issues in labeling if the animal has been slaughtered without stunning, but everything produced here is slaughtered with prior stunning. He said that'd be a kind of pragmatic, factual, unambiguous, and a clear statement for labeling.

New Zealand meat exporters and food producers have sufficient support available in terms of Halal certification process.

HC1: *"if the ingredients are not appropriate then we explain why these can't be used. We also give recommendations to alternatives that can be used to make the product Halal."*

One of the Government agencies in New Zealand, Org3, offers products and services to businesses. However talking about meat export, the institute could not say how it helps local meat exporters understand the opportunities, or to learn the technicalities of the industry.

**Question:** *Do you face any challenges conducting export awareness courses? Or are they any different from other business support related courses in terms of responses, or government funding etc?*

Org3 answered by saying that they offer products and services aligned with different stages of a business lifecycle – from starting and growing a business through to exporting and operating internationally, to helping to overcome the scale and distance issues faced by New Zealand exporters. They also mentioned that they work with a range of meat companies including Greenlea, Affco, Silver Fern Farms and Alliance etc. All possess Halal certification for different markets including Malaysia, Indonesia and Middle East.

C2 also showed concerns about New Zealand Trade and Enterprise not being pro-active in this area:

C2: *“There's a general market update from NZTE available; but the problem is, offshore- they are probably pro-active but down here they are not getting out and doing it.”*

#### **4.4 Identified themes**

Thematic Content Analysis process was used to identify the themes. Frequency of occurrence of keywords gathered from participants was measured to achieve these, and the following themes were identified as a result.

##### Demand

1. New Zealand meat and beef export market is demand-driven
2. Economic growth is the main factor of increased demand
3. Quality, price and taste affect buyers' decisions
4. Target Muslim markets of Indonesia and Malaysia have specific seasons where meat is in greater demand

## Supply

1. New Zealand has the capacity to supply meat to Halal markets at premium price
2. The integrity of the Halal process is recognized within New Zealand and internationally

## Marketing and other Issues

1. Marketing and promotion by New Zealand exporters and government agencies of meat and beef products at consumer level is poor
2. Compliance issues makes the trade difficult
3. New Zealand food producers lack awareness of emerging opportunities in the Halal food industry
4. Standardisation of Halal certification and slaughter methods across the globe is sought after, but difficult to achieve in practice

The following sections will provide an initial identification of points of agreement and areas of dispute. These will be discussed in detail in the next chapter.

### **4.4a Points of agreement**

Issues were identified by interviewing meat companies, Government agencies, and focus group participants. The following issues emerged as common points of agreement to be found in respondent comment.

- i. Halal export market is demand-driven
- ii. New Zealand is capable of meeting consumers' demands
- iii. Inconsistent Halal slaughter procedure requirements by Malaysia
- iv. Lack of knowledge and technical expertise on the subject
- v. High level integrity of Halal processes within New Zealand
- vi. Opacity in acquiring import licenses in Indonesia
- vii. Initiatives to have global standards in Halal industry appreciated

#### **4.4b Areas of dispute**

The points of agreement outnumbered the areas of dispute, but there were areas in which differences of opinion exist.

- i. Difficulties in access to markets for New Zealand start-ups
- ii. Training New Zealand exporters on Halal export issues
- iii. Complexity in the nature of exporting processes

#### **4.5 Summary**

This chapter has presented the research findings that have been deduced from focus group meetings and interview responses. The chapter started with interview analysis, followed by focus group responses. Themes have then been identified with the overall research objective in mind, and those themes have isolated some areas of agreement and dispute among the answers collected.

The next chapter will discuss these results in detail. As such, the foundation of the next chapter will be based on the themes, points of agreements and areas of disputes identified in this current chapter.

# Chapter 5

## Discussion

### 5.1 Introduction

This chapter discusses the findings of the research in the light of the responses received and the reviewed literature where applicable. The five sub-questions are used as the guidelines to carry the discussion, and this approach ultimately leads the discussion to the research's grand question. While discussing each question, the points of agreements and areas of disputes are kept in consideration, along with the researcher's interpretation of the results.

### 5.2 Demand for New Zealand sheep meat, beef and meat products in South-East Asia

#### 5.2a *New Zealand Halal meat and beef export market is demand-driven*

The investigation has found that the Indonesian and Malaysian Muslim markets show strong demand for New Zealand sheep meat, beef and meat products. For New Zealand exporters this is a demand-driven market that looks for a premium product that caters to their local market needs. This demand has a requirement that all products must be compliant with Shariah laws and hence are Halal (Sungkar, Othman et al., 2008).

Different variables of this equation were discussed, including quality, price, and taste that affect decisions made by buyers. In summary, consumers tend to prefer New Zealand Halal meat due to the following reasons:

1. Better quality – tenderness being the main one
2. Product comes from an environmentally-friendly green country

3. Product comes from a place where Halal practices are strictly observed throughout the export process

During the process of investigation, questions were asked of exporters and key personnel in the organisations interviewed regarding New Zealand's capability to meet this growing demand. Responses received were all in agreement, though there are issues to be discussed later in this chapter that obstruct our ability to reach full export potential, and therefore to gain maximum profitability for the industry and for the New Zealand nation.

### **5.2b *Economic growth is the main factor of increased demand***

The main reason identified for a continuous increase in demand in these two developing countries, Indonesia and Malaysia, is strong economic growth coupled with increased buying power - people tend to buy quality product without worrying too much about the price factors. In addition, consumers are getting more hygiene and protein conscious when it comes to consuming food products. The world is now switching to animal based protein from plant based protein, due to an increased tendency to consume healthy food products.

### **5.2c *Seasons of the year when meat products are higher in demand***

The target Muslim markets of Indonesia and Malaysia have specific seasons where meat is in greater demand. The level of demand for halal meat products varies at different times of the year due to festive seasons. Festive seasons, like Eid, and the complete month of Ramadan, see a shortage of meat products in the market. This leads to price hike issues that the local authorities often fail to control. Non-Muslim festivals, like Chinese New Year and Diwali, are the other two major events when meat is in greater demand. Diwali is celebrated by Hindus who do not consume beef due to their religious observances.

### **5.3 What is our capacity to supply to the identified demand?**

#### **5.3a *Capacity to supply meat products to Halal markets at premium price***

All three export companies, a Government organisation, and the Halal certification body agreed that New Zealand has the capacity to supply to South-East Asian countries, as it has already done for several years.

The results of the study found that New Zealand Halal meat is not sold in wet (local daily) markets, whereas meat from local producers and from Australia is often found in wet markets. One of the main reasons for this is because consumers do not expect premium quality import products in wet markets. This means that supermarkets are the major retailers of New Zealand Halal exported meat products, with restaurants and hotels getting wholesale quantity.

The export meat industry works as an auction system, and the market who bids the highest for New Zealand meat's premium cuts gets the product. Indonesia and Malaysia have been the highest returning markets for years, and New Zealand Halal meat is sold there at premium price. This has not been a problem to the export businesses, because the meat produced by New Zealand farmers is of greater quality and the quality does reflect the prices in an appropriate way.

#### **5.3b *Inconsistent Halal slaughter procedure requirements by target countries***

As in table 1, there are a surprisingly small number of countries who recognize New Zealand's Halal certificates and trade on regular basis - given the diversity of the Muslim population around the globe, the New Zealand Government should expand that number in order to gain export growth.

However, there have been some disruptions to trade in recent years due the inconsistent Halal slaughter procedure requirements by Indonesia and Malaysia. Indonesia now recognizes and

accepts Halal meat products from just one certification body in New Zealand, Al-Kautsar Halal Food and Inspection (AIKHAFI). In spite of Indonesia being a significant market for New Zealand exporters, there was no contingency plan found during the course of this study that will provide an easy transition process should Indonesia imposes new requirements that cannot be met by AIKHAFI.

### **5.3c *High level integrity of Halal processes within New Zealand***

Recent approval of nine out of ten New Zealand meat plants inspected by Malaysian authorities shows the strength of New Zealand's Halal integrity system. However, given the growth of Muslim markets in this area globally, New Zealand should consider adding more countries to the list and making each Halal certification body capable of meeting the complete list of countries requirements.

## **5.4 Are NZ food producers aware of the speed that global Halal market is growing?**

### **5.4a *Lack of knowledge and technical expertise***

New Zealand food producers lack awareness of the emerging opportunities in the Halal food industry. Results have found that the New Zealand exporters, especially SME's (Small to Medium Enterprises) are not aware of this growing opportunity. Even if some do, then there are compliance costs that they could not afford to meet. Large organisations like Affco New Zealand Ltd have their own religious departments, and have resources that help them take care of all compliance issues in this area.

Halal is much more than just slaughtering the animal while supplicating prayers, for the production of Halal food requires in depth knowledge of the ingredients that make Halal food otherwise when mixed with non Halal ingredients. As such, New Zealand businesses with a history of successful meat exporting activities should not be taking it for granted that they will

necessarily share in this growth. The time is opportune for those exporters to take some significant steps to review their business strategies.

In order to be competitive in this growing market, players in the global food business need to adopt internationalisation rather than globalization. Internationalisation in this context is about implementing strategies that meet individual markets, whereas globalization implies the application of a common marketing strategy for Muslim and non-Muslim consumers alike.

There is an opportunity here for New Zealand, as the big brands in the global food industry have largely ignored Muslim consumer markets in their Macro-level marketing strategies. Though they focus on regional markets while targeting local consumers, they don't consider Muslim markets at a global level for fear of alienating their non-Muslim customers.

## **5.5 What is the Government's role?**

Marketing and promotion by New Zealand exporters, and government agencies of meat and beef products at consumer level, is poor. New Zealand often seems to run business-to-business level marketing campaigns, and there is no apparent effort to do consumer marketing anywhere in Southeast Asia. When one exporter was contacted to participate in the interview, his email reply as quoted here surprised the researcher.

*“There are issues around Halal slaughtering in New Zealand and, over recent years, there have been some instances of interruptions to trade. Some of the issues surrounding Halal slaughter are very sensitive and accordingly we do not wish to be involved in making any comments which could be taken out of context or fall into the wrong hands.”*

This individual's view and decision to not participate is appreciated and respected, but the decision does suggest a lack of confidence in the future, and some sense of fear in talking about Halal trade issues. Such an environment can affect businesses and discourage start-up

businesses who want to enter this field – and that would be a missed opportunity, for there are four different reasons why marketers should take Muslim markets seriously.

1. Muslims are numerous and demographically vigorous
2. The sense of a Muslim identity in the global population is growing
3. Global brands and global marketers have not examined the Muslim market in any depth
4. There is therefore an opportunity for new brands and fresh marketing ideas

In this respect, the conventional market development process needs to place more focus on ethical, cultural and religious aspects, especially when target markets have predetermined constraints on the products or services that may be sold to them.

#### **5.6 What has to change to make a better match between supply and demand?**

The results of this study have helped to identify the supply and demand aspects of a significantly growing market for Halal meats and meat products. The main focus of this research project was to find out what has to change to make a better match between supply and demand, and this section answers the last in the previously presented list of five sub-questions.

New Zealand's exporters should demonstrate a proactive approach to the issue rather than waiting for more problems to arrive. There is no doubt at all that the Halal market is growing exponentially in major industries like food, finance, cosmetics and logistics, and this should continue to be the case as the world's Muslim population continues to increase.

In order to create a competitive culture, more exporters need to be educated and informed on the Halal certification processes, and strenuous efforts should be made to gain access to new Halal markets.

### **5.6a *Difficulties in access to markets for New Zealand start-ups***

Access to market issues for New Zealand start-ups has been discussed, in order to identify the major issues being faced by new entrants to the complex field of meat exporting.

Exporters interviewed agreed that the large players in the industry - i.e. the well established exporters – have both the technical know-how and the established communication links to sell their products, whereas a start-up often finds it difficult to get an export license to Indonesia and Malaysia. Indonesia in particular has been found to follow opaque procedures that hinder the ability of new exporters to get moving.

Relying on in-market people for marketing New Zealand Halal meat in those target market countries is also identified as an issue. New Zealand's marketing approach in this field is reactive and doesn't show any strong involvement in either business-to-business marketing or business-to-consumer marketing to those countries.

In this context, the introduction of free trade agreements with Asian countries was not seen as being very effective. Exporters denied the contribution of FTAs to export growth, and the Halal certification agency suggested that the term 'free trade' existed in name only, and that there was in reality no such free trade facility existing in practice.

### **5.6b *Training New Zealand exporters on Halal export issues***

In discussing the overall concept of mass marketing, the chapter 2 literature review suggested that this is no longer a feasible approach for marketers. It is now often shown to be a thing of past, as consumers respond to differentiation and segmentation strategies (as cited in Jamal, 2003, p.1600.) However, the researcher agrees with the Meat Industry's Chief Executive when he comments that, in order to meet demand, we require mass marketing - otherwise it's like having a tiger by the tail (Bourne, 2011).

The Meat Industry Association's red meat strategy sector report is a comprehensive report discussing the history of the meat industry and trade, it covers several important issues and makes some good recommendations. The report however completely ignores the importance of a Halal export sector within the industry (Meat Industry Association, 2011). Nevertheless, the author agrees with one of its recommendations, that agriculture and forestry processors and suppliers in New Zealand operate under excessive competition; they need to work more effectively together to focus on export markets that could effectively result in a growth of returns to stakeholders and to New Zealand (Ministry of Agriculture and Forestry, 2011).

### ***5.6c Initiatives to have global standards in Halal industry appreciated***

Standardisation of Halal certification and slaughter methods across the globe is actively sought after, but difficult to achieve in practice due to the several reasons discussed in chapter 4. Opinions extracted from the chapter 2 literature review, and from participants in the interview programme, were in agreement about the desirability of a system that would support the globalisation of Halal certification processes.

In this context, the Overseas Market Access Requirements for Halal Assurances notice issued by the New Zealand Safety Authority in March 2010 should have helped the Halal meat export industry to significant levels, and it would be reasonable to assume this notice might have increased the confidence of importers. However, it appears that neither NZFSA nor any other involved Government department wanted to measure the effectiveness of this notice, and no research has been done to find the full impact of this amendment. This is where the difficulties begin to become apparent and, and this is what leads to consideration of the grand question that lies at the centre of this research project.

## **5.7 Grand Research Question**

The grand research question, as mentioned in chapter two is:

*What improvement does NZ Inc. need to incorporate in order to have better presence in sheep meat and beef products' export markets in Muslim majority countries like Indonesia and Malaysia?*

Overall, the results of research have clearly highlighted the fact that New Zealand does have the capacity and capability to supply to the Halal markets of South-East Asia, but needs to:

- a. Better educate SME food product exporters about the enormous opportunities that currently exist
- b. Show presence in international food shows and invest in improved business-to-business and business-to-consumer marketing
- c. Perform research to measure the success or failure of introducing new policies and procedures
- d. Host delegates' visits and encourage local exporters to network with those delegates
- e. Prepare back-up plans in case any Halal meat importing country changes their Halal requirements
- f. Talk more openly about relevant issues in the business community, and make this a more favourable environment for exporters.

## **5.8 Summary**

The purpose of this chapter was to discuss the researcher's interpretation of results. Five sub-questions formed the basis of the chapter, and all of the major areas and issues identified in the previous chapters have been discussed in an interpretative style.

This chapter has highlighted areas where further research would be welcome, particularly in search of reasons why SMEs are not entering more enthusiastically into Halal export markets. The next chapter discusses possible areas of further research in greater detail.

# Chapter 6

## Conclusions

### 6.1 Introduction

This last chapter of the project lists the conclusions drawn, based on the literature review and the primary data collection results. The chapter starts with a discussion of the five selected sub-questions, followed by an overall review of the grand research question. Later sections of this chapter comment on the implications of research in this area, and about what the researcher sees as suitable areas where further research can be conducted. Finally, the chapter will point out the limitations identified while conducting this research.

### 6.2 Research sub-questions

In this section, five research sub-questions are discussed in order to lead the discussion to the grand question of the research. The sub-questions that are discussed in this chapter are:

1. To what extent are NZ food producers aware of the rapid growth in a global Halal market?
2. What does the demand for New Zealand sheep meat and beef products look like in South-East Asian countries?
3. What is our capacity to supply to the identified demand?
4. What is the Government's role in helping market our premium quality meat products in international markets?
5. What has to change to make a better match between supply and demand?

Each sub-question will form the basis of further discussion, and subsequent conclusions.

## **6.2a To what extent are NZ food producers aware of rapid growth in a global Halal market?**

The first sub-question asks about the level of awareness New Zealand food producers have of current changes in this rapidly growing Halal market.

It is obvious from the literature review that the significance of a Halal food market in the global marketplace is tremendous. With the fast growth of Muslim populations, and their tendency to strictly observe their religious and cultural values, the Halal food industry is booming (Lugo, 2009).

New Zealand has historically enjoyed good trading relationships with the South-East Asian Muslim countries of Indonesia and Malaysia. However, during the course of this research, there have been issues identified that create barriers to trade with these countries from time-to-time.

The challenging element this question poses is to assess just how alien the Halal concept is for New Zealander exporters of meat products, as well as for food producers dealing with ingredients that contain sheep meat and beef products. For example, participant C1 said in an interview that the majority of food producers are probably not aware of Halal practices. They are also unaware that the Halal food industry has been growing exponentially in the last decade.

The sheep meat and beef export industry is vital for New Zealand's economic growth. Big companies like Affco New Zealand Ltd and Silver Fern Farms have sufficient knowledge and resources to do business in this profitable industry. However SMEs are not sufficiently equipped to know more than what they already know. The level of their knowledge in this domain doesn't help them to enter Muslim markets with their 'Halal' products, due to several reasons identified in the analysis and mentioned earlier in this research project.

## **6.2b What does the demand for New Zealand sheep meat and beef products look like in South-East Asian countries?**

This question, along with other supporting questions to consumer focus groups, sought to find facts about the demand for New Zealand sheep meat and beef products in Indonesia and Malaysia. In addition, the Statistics New Zealand report and the Ministry of Agriculture and Forestry's report, *Situation and Outlook for New Zealand Agriculture and Forestry*, contributed to this question in a sound manner.

Economic growth, and a growing middle class population, in Indonesia and Malaysia are the two main motivators for increase in imports of Halal meat from overseas. People have started switching their protein sources from plant-based to animal-based products, and local producers are unable to fully meet market needs. Therefore, importing is a must-do alternative in order to balance the supply-demand chain, and New Zealand's clean and green image creates consumer confidence in the quality of its sheep meat and beef.

The higher price of New Zealand's premium meat cuts probably does not affect the level of demand for Halal meat products in target countries, though there are some festive seasons during the year when import meat is in higher demand. All three focus group participants listed some festivals when the demand for sheep meat and beef products is at peak - Ramadan, Eid, Diwali and Chinese New Year are the main festivals to mention.

Exporting and importing countries globally are beginning to make significant changes to their trading methods to benefit from this growing demand. The growing demand for Halal products, and the growing number of middle class Muslim consumers, can easily be an inducement for manufacturers to provide Halal products (Riaz & Chaudry, 2004).

## 6.2c What is our capacity to supply to the identified demand?

New Zealand is doing well as a supplier in international markets. The red meat export industry alone brings about \$8 billion to the New Zealand economy each year, but profitability for producers, processors and exporters is always challenged (Meat Industry Association, 2011).

The results of this research project have shown that other elements that could help enhance the capacity of New Zealand as a successful supplier, such as the quality and integrity of Halal procedures, and the level of trust in international markets, are also in a strong position to maintain the balance of the supply-demand chain. Org1 and Org2 answered the question on food regulations by emphasizing the presence of strong consumer confidence, firm trust, and integrity of policies and procedures in the food export industry.

But the major factor that affects the production of animal products in New Zealand has been identified as bad weather. Farmers heavily rely on favourable weather, and bad weather and natural disasters could affect the industry.

C1, an exporter representative, agreed that there is strong demand for Halal sheep meat and beef, and there is also great room for improvement for New Zealand to avail those opportunities. To answer this question, C2 brought up a discussion of the large animal populations in countries like India and China. However, he agreed that New Zealand's place is firm in Indonesia and Malaysia, and large animal populations in other Asian countries should not be a threat in the coming years.

No exporter has shown worries that meeting market demand is beyond New Zealand's capacity. But the general consensus was that there is still improvement needed and profitability can further be increased among producers, food processors and exporters alike.

## **6.2d What is the Government's role in helping market our premium quality meat products in international markets?**

No Government agency accepts responsibility for the marketing of sheep meat and beef products to target markets. As an exporter, the New Zealand Meat Board collects levies from sheep meat and beef exporters, and part of this levy goes towards managing the marketing aspects of the sheep meat and beef industry. In addition, the Ministry of Agriculture and Forestry manages market access issues, and New Zealand Trade and Enterprise are much into dealing with trade agreements and subsequent local training to the businesses concerned.

The neglect of Halal market issues in the comprehensive 'Red Meat Sector Report' prepared by the Meat Industry Association shows to what extent the marketing of Halal sheep and beef products needs attention in local markets as well as in target export countries. The industry heavily relies on agents or distributors residing in target countries, and compliance issues in Indonesia and Malaysia obstruct new entrant importers from co-operating with New Zealand exporters to get access to consignments.

Acceptance of Halal sheep meat and beef in South-East Asian countries is now being taken as granted, given the high level of demand for New Zealand's premium products. There is no set marketing strategy found that targets Halal sheep meat and beef markets in Indonesia and Malaysia. Although demand from these countries has been identified, and New Zealand's capability as an exporter of culturally sensitive food products has been tested and is trusted by importers globally.

Given the reliance of New Zealand's economy on exporting activities, the Government could do much more to manage the sustainability aspects of this demanding market. Government is doing an outstanding job in maintaining the integrity of Halal sheep meat and beef products, and introduction of the notice issued by the then New Zealand Food Safety Authority is an example of this. However, a clear lack of marketing strategy and an unawareness of Halal

related issues amongst New Zealand exporters is taken for granted to the extent of being ignored.

Focus group participants were asked if they have ever seen any marketing or promotional activities conducted by New Zealand Government of businesses in their countries. The answer received was in negation, with one industry respondent commenting that, if overseas delegates want to visit our country and inspect manufacturing and processing plants to ensure the integrity of Halal-ness, they do not find any Government support as such. Rather they visit at their own expense.

New Zealand Trade and Enterprises' response to the training related questions were neither direct nor complete. Questions like *'Do you think that local exporters make the best use of the export training provided by your organisation?'* were asked of NZTE, but the response received was not satisfactory to the researcher. In addition C2, an export company, showed concerns about New Zealand Trade and Enterprise not being pro-active in this area: the quote mentioned in earlier chapters is worth repeating here.

C2: *"There's a general market update from NZTE available; but the problem is, offshore- they are probably pro-active but down here they are not getting out and doing it."*

## **6.2e What has to change to make a better match between supply and demand?**

The results of this research project have shown that there is growing demand for Halal meat products, and that New Zealand is capable of meeting this demand. The question that then arises is where is the problem?

As noted in the 'Red Meat Sector Report', \$8 billion is being contributed to the New Zealand economy from this sector of trade. However, the overall profitability that is a core objective for participating businesses is still at stake. Given New Zealand's position in the industry, and given

the level of trust in international markets, New Zealand's big players like Affco New Zealand and Silver Fern Farms (as well as small export companies and food manufacturers) should have been getting substantial benefits. But this is currently not the case, especially in terms of Halal food export markets.

Coming back to the question of what has to change, the researcher proposes the following areas where New Zealand Inc must take action to address the issues and reduce the gaps.

- Proper research into market potential from different discipline areas, but especially from a marketing perspective
- Better training in cross-cultural marketing for local exporters and food producers
- Easier access to information for SMEs entering into the field

Effective communication and research activities have been considered to be two vital pre-requisites before entering into new markets where there is a different culture to that of the origin of the product (Mitchell, 2000). Considering that, in 2009, the global advertising spend was over US\$475 billion (Mitchell, 2000), some basic research needs to be done to see what proportion of this is associated with advertising of sheep meat and beef exports by New Zealand.

### **6.3 The Grand Research question**

The grand research question, as mentioned in chapter two is:

*What improvement does NZ Inc. need to incorporate in order to have better presence in sheep meat and beef products' export markets in Muslim majority countries like Indonesia and Malaysia?*

The results and analysis of five sub-questions have helped to analyse the grand question of this research work. The researcher, after a thorough review of literature and after analysing the results of focus group meetings and individual interviews from key participants in the industry, proposes the following actions to be taken by industry's different stakeholders.

- There is a strong demand for Halal sheep meat and beef products from Muslim markets, and fortunately New Zealand has the capability to meet this demand perfectly. But the New Zealand Meat Board, in association with the Meat Industry Association and local Halal certification bodies, should prepare an integrated marketing strategy to focus on Halal sheep meat and beef products.
- Ways need to be found to measure the effectiveness of Free Trade Agreements impacting Halal trade.
- New Zealand food manufacturers and producers should be made aware of this fast growing opportunity and be trained to manage Halal concepts. This could mean an addition of new products to their existing product lines, or simply adding Halal certification and labeling to their existing products. Confectionary manufacturers, for example, can consider aligning their marketing strategies to accommodate Halal items. Almost every edible food product can be made Halal, with quite minor modifications to its ingredients list.
- Government should take initiatives to encourage SME exporters to learn more about the opportunities offered by Muslim markets.
- NZ Inc should be much more visible in global trade shows, food expos etc., as an integral part of the marketing effort.

#### **6.4 Research implications**

No research has been performed in the area covering Halal sheep meat and beef export to Muslim markets. The findings of this research project will be useful for sheep meat and beef exporters. The study is focused on Indonesia and Malaysia as the target markets, but its results can be applied to any Muslim market requiring Halal food products, irrespective of its geographic location.

This study shows that New Zealand has great potential to export and reach this fast growing and demanding Muslim markets. Though New Zealand has been trading with significant numbers, this can be further improved to strengthen New Zealand economy by helping New Zealand exporters, food producers grow.

The focus is on the SMEs dealing with food products that has ingredients that could be Halal or otherwise. Having said, this study also presents a framework for large food producers who are otherwise not labeling their product as Halal.

#### **6.5 Further research suggested**

As mentioned in the previous chapters, research done on the Halal food industry has been very limited. More research in different sectors of this industry will surely help the stakeholders understand its implications at a better level.

Quantitative research involving a large sample of exporters will help finding if they have adequate support and knowledge in this area.

Qualitative research to find out the reason food producers are not using Halal labeling in cases where their supply chain is completely Halal; or otherwise contains no non-Halal elements.

A research study to examine Halal meat consumption behaviour in South-East Asia.

## **6.6 Research limitations**

The limitations of this research are as follows:

- Small numbers of exporters are interviewed
- Some participants who joined focus groups had shopping experience in their countries several years ago.
- The amount of research performed in this specific area is limited and hence we lack case studies and reliable statistical data

## REFERENCES

- Adam, K., & Armstrong, D. (2008). *Principles of Marketing* (4th ed.). New South Wales: Pearson Education Australia.
- Ahmed, A. (2008). Marketing of Halal meat in the United Kingdom - Supermarkets versus local shops. *British Food Journal*, 110(7), 655-670.
- Anderson, R.(2007). Thematic Content Analysis: Descriptive Presentation of Qualitative Data. Retrieved from <http://www.wellknowingconsulting.org/publications/pdfs/ThematicContentAnalysis.pdf>
- Bandarin F., Hosagrahar, J., & Albernaz F.S. (2011). Why development needs culture. *Journal of Cultural Heritage*, 1(1), 15.25. doi:10.1108/20441261111129906
- Bonne, K., Vermeir, I., Bergeauf-Blackler, F., Verbeke, W. (2007). Determinants of Halal Meat Consumption in France. *British Food Journal*, 109(5), 367-386.
- Bourne, R. (2011, May 14). Interview with Tim Ritchie, CEO, Meat Industry Association [Television series episode] *Rural Delivery*. [TV Broadcast]. Auckland: TVNZ.
- Butt, M.M., & Cyril de Run, E. (2009). Ethnic advertising: adolescents' attitudes towards target and non-target advertisements. *Young Consumers*, 11(3), 189-203.
- Calcinai, A. (2007). "Halal accounts for 20% of exports." Retrieved 26 September, 2010, from <http://straightfurrow.farmonline.co.nz/news/nationalrural/agribusiness-and-general/general/Halal-accounts-for-20-of-exports/56044.aspx?storypage=0>.
- Chua, R. (2010). "Halal The Next Frontier" *Penang Economic* 12(5): 5.

Clark, P. (2010, September 11). Airline caterer to shift most of its menu to Halal. The Financial Times. Retrieved from <http://www.ft.com>

Collis, J., & Hussey, R. (2003). Business Research (2<sup>nd</sup> ed.). Palgrave Macmillan, New York.

Colson, J. (2004). "Understanding the Hadith: The Sacred traditions of Islam." Journal of Religious & Theological Information 6(3): 3.

Dibben, M., Harris, S., & Wheeler, C. (2003)., Export Market Development: Planning and Relationship Processes of Entrepreneurs in Different Countries. Journal of International Entrepreneurship, 383-403. Retrieved from <http://www.springer.com/business+%26+management/entrepreneurship/journal/10843>

Eliasi, J.R.(2002). Kosher and Halal: Religious observances affecting dietary intakes. Journal of the American Dietetic Association.101(7). 911-912. Retrieved from <http://www.adajournal.org/>

Fischer, J. (2005). "Feeding Secularism: Consuming Halal among the Malays in London." Diaspora: A Journal of Transnational Studies Fall/Winter2005 14(2): 23.

Halal Markets in Other parts of the world.(n.d.). Retrieved from <http://Halalindustries.com/HalalGlobalMarket/OtherworldHalalmarket/tabid/92/Default.aspx>

Hartwell, H.J., Edwards, J.S.A., & Brown, L. (2011). Acculturation and food habits: lessons to be learned. British Food Journal, 113(11), 1393-1405.

Heem, P. (2010). Human Resource for the Halal Industry. Penang Economic.12: 1.

Internet World Stats - Usage and Population Stats. (2009). Retrieved from <http://www.internetworldstats.com/asia/id.htm>

Jamal, A. (2003). Marketing in a multicultural world - The interplay of marketing, ethnicity and consumption. *European Journal of Marketing*, 37(11), 1599-1620.

Kassim, A. M. (2010). The Global Market Potential of Halal. International Conference and Expo on Halal Industry, Pakistan, Halal Research Council.

Kotler, P (1999). *Kotler on Marketing*. New York: The Free Press.

Kotler, P. (2000). *Marketing Management*. New Jersey: Prentice-Hall Inc

Kotler, P., & Armstrong, G. (2008). *Principles of Marketing* (8<sup>th</sup> ed.). New Jersey: Prentice-Hall Inc.

Lilien, G.L., Kotler, P., Moorthy, K.S. (1992). *Theory and models in marketing: Marketing Models*. New Jersey: Prentice-Hall Inc.

Lugo, L. (2009). Mapping the Global Muslim Population: A report on the size and distribution of the world's Muslim population. Retrieved from <http://pewforum.org/The-Future-of-the-Global-Muslim-Population.aspx>

Marinov, M.A. (Ed.). (2007). *Marketing in the Emerging Markets of Islamic Countries*. Palgrave Macmillan. Hampshire.

Mckenzie, A. (2009). New Halal rules for meat in pipeline. *Food Focus*. Wellington, New Zealand Food Safety Authority: 29.

Mckenzie, A. (2010). "Carving out new rules for Halal meat." Retrieved from [http://www.foodsafety.govt.nz/elibrary/industry/Carving\\_Rules-Important\\_Consumers.htm](http://www.foodsafety.govt.nz/elibrary/industry/Carving_Rules-Important_Consumers.htm).

Meat Industry Association of New Zealand(2011). Red Meat Sector Strategy Report. Retrieved from <http://www.mia.co.nz/docs/Red%20Meat%20Sector%20Strategy%20Report%20-%20May%202011.pdf>

Mellahi, K., Budhwar, P.S. (2010). Introduction: Islam and human resource management. *Personnel Review*, 39(6), 685-691.

Ministry of Agriculture and Forestry. (2011). *Lamb: Situation and Outlook for New Zealand Agriculture and Forestry*. Wellington, NZ.

Mitchell, C. (2000). A short course in international business culture. Available from <http://scholar.google.co.nz/schhp?hl=en&tab=ss>

Morgan, D.L. (1997). *Focus Groups as Qualitative Research: Conducting and Analyzing Focus Groups*. Sage Research Methods Online

Nazri, M.M. (1998). Bright prospects for meat industry in Pakistan. *Business Source Complete* 29(11).

Noble,G. &Camit,M. (2005). Social marketing communication in a multicultural environment: Practical issues and theoretical contributions from cross-cultural marketing. Retrieved from <http://scholar.google.co.nz>

NZTE (2009a). Market Profile for Food and Beverage in UAE Market, New Zealand Trade and Enterprise: 13.

NZTE (2009b). "The Halal opportunity in Indonesia." Retrieved September 2, 2010, from <http://www.nzte.govt.nz/features-commentary/Features/Going-global/Pages/The-Halal-opportunity-in-Indonesia.aspx>.

NZTE (2009c). "Changes to Halal certification for exports to Indonesia." Explore Export Markets. Retrieved September 8, 2010, from <http://www.nzte.govt.nz/explore-export-markets/Export-Intelligence/Pages/Changes-to-Halal-certification-for-exports-to-Indonesia.aspx>.

New Zealand Trade and Enterprise. (2010). New Zealand's Agriculture Industry. Retrieved from <http://cache.business.newzealand.com/vAmnkPg/media/99387/agritech-industry-in-new-zealand.pdf>

Oliver, P.(2010) Student's Guide to Research Ethics. Retrieved from Ebrary database.

Power, C. (2008, June). The Muslim consumer - Halal goes global. *New Statesman*.19.

Rashid, M. (1973).Methods and Procedures.Research Perspectives in Dance. Retrieved from <http://www.jstor.org/pss/1477571>

Rehman, A., Shabbir, M.s. (2010). The relationship between religiosity and new product adoption. *Journal of Islamic Marketing*, 1(1), 63-69.

Riaz, M.N., &Chaudry, M.M.(2004). Halal Food Production. New York, NY: CRC Press LLC.

Salzman, M. (2007). Marketing to Muslims - Why do global companies continue to ignore this key market? *Business Source Complete*, 48(18).

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students*. London: Prentice Hall.

Sekaran, U. (2003). *Research Methods for Business – A skill building approach*. New York: John Wiley & Sons, Inc.

Siddiqui, R., (2011, August 16). Halal industry 'must make strategic global acquisitions'. Gulf News. Retrieved from <http://www.gulfnews.com>

Statistics New Zealand(2010). "Global New Zealand International Trade, Investment and Travel Profile" S. N. Zealand. Wellington, Statistics New Zealand: 199.

Sungkar, I., P. Othman, and Wan Hussin, W.S. (2008). Potentials of Global Halal food market: Implications for Vietnamese SMEs. ASEAN's Co-operation and Agricultural and Rural Development in the Globalisation Era. Vietnam, Vietnam Economic Association.

Taylor, L. (2009). "The Halal revolution." 2010, from <http://www.arabianbusiness.com/561277>.

Vignali, C. (2001). McDonald's: "think global, act local" - the marketing mix. *British Food Journal*, 103(2), 97-111.

Wan-Hassan, W. M. and K. W. Awang (2009). "Halal Food in New Zealand Restaurants: An Exploratory Study." *Int. Journal of Economics and Management* 3(2): 17.

Wengraf, T. (2001). *Qualitative Research Interviewing*. London: Sage Publications.

Zohrab, T. (2010). Animal Products Act 1999. New Zealand, New Zealand Food Safety Authority.

## APPENDICES

### Appendix A: Interview Questions to guide Focus groups

1. What is the ratio of meat and vegetables in the normal cooking/eating habits of a Malaysian/Indonesian family?
2. Where do you normally buy meat from? Local butchers or supermarkets?
3. Indonesia imported \$155m of meat and meat products in 2010. Malaysia imported about \$60m. Who do you think the major customers are?
4. Have you ever seen any marketing material related to meat products in Malaysia/Indonesia?
5. What would restrict you from buying NZ meat?
6. Are there any restaurants who serve only NZ meat on their menus?
7. What international meat products do you find in Malaysia/Indonesia supermarkets?
8. Do you have BBQ as a common get-together event there?
9. Are there any specific times of the year when export quality meat is in higher demand than others?
10. Is there a satisfactory variety of meat products available on supermarket shelves?
11. Who do you think are the buyers? i.e. middle-upper class or upper class only?
12. While in Malaysia/Indonesia, do you check the ingredients of food products before purchasing to ensure they are from Halal sources?
13. Do you trust that the meat coming from overseas is truly Halal?
14. Are you aware of any occurrences of Halal certification being misused?
15. Is meat-cut and packaging important to you while buying?
16. Do you prefer restaurants offering New Zealand meat in their dishes?
17. Did you get a chance to compare meat prices between local and overseas?

## Appendix B: Interview Questions to Exporters

1. How do you think sheep meat and beef industry has responded to the Free Trade Agreements with South-East Asian countries?
2. The recent ban of livestock to Indonesia also triggered the need to invest in cattle farming by Indonesian government. Do you see this as a threat?
3. As per Statistics NZ figures, the percentage of change in sheep meat exports between 2009 and 2010 for Indonesia and Malaysia was +35.3% and +19.5% respectively. What major initiatives you think brought this significant rise?
4. Do you think we have enough research available in terms of Indonesian/Malaysian consumer behaviour in this area?
5. What are the major issues you face when exporting meat to Muslim markets?
6. Do you believe that Halal food industry is evolving rapidly?
7. What do you think New Zealand should do to maintain its lead role in the meat export industry?
8. What do you think is our Unique Selling Proposition is?
9. Do you think there should be greater awareness among NZ exporters about the demands of the Halal Market?
10. Malaysia is promoting itself globally as 'Halal Hub'. Do you think our exporters are sufficiently aware of this?
11. New Zealand is the largest exporter of Halal slaughtered sheep meat in the world. Do you think we will be able to retain this position despite globalization?
12. Do you reckon there is more demand for sheep meat, beef and food products that contain by-products of these in Indonesia and Malaysia, than currently New Zealand exporters are supplying?
13. Do you think our exporters or food producers are well aware of the opportunities existing in this field?
14. How well do you think New Zealand sheep meat/beef is promoted in Malaysia/ Indonesia?

## Appendix C: Questions to Government organisations

1. Do you think that the local exporters make best use of the export training provided by your organisation?
2. What channels do you use to reach exporters and encourage them learn more?
3. Are the export related courses fully subsidised?
4. Do you face any challenges conducting export awareness courses? Or are they any different from other business support related courses in terms of responses or the government funding etc?
5. What processes have you in place to target the specific exporters trading in Halal sheep meat and beef products?
6. How do the food regulations help the export sectors of animal products?
7. MAF is not responsible of the genuineness of meat being shipped as Halal, but help in the certification and training process. Do you think NZ have sufficient certification bodies to cater to our local exporters demands?
8. Do you think we are expanding our export market especially within South-East Asia?
9. Could you briefly explain the export process of sheep meat animal products from MAF perspective?
10. Do you know if we promote animal products and export related services in international trade shows, especially South-east Asia? And how?
11. Does New Zealand run courses for exporters to make them aware of this segment of industry? Are they adequate?
12. Do you think importers world-wide esp in SE-Asia have easy access to the list of exporters exporting Halal food products?
13. Do we take any initiatives to expand export growth in Halal sector in new Muslim markets?

## **Appendix D: Questions to Halal certification body**

1. In general, how long does it take for a sheep meat or beef exporter to get certified?
2. Do you have enough resources to cater to the industry within the accepted time frame?
3. Do you think that the non-Muslim exporters struggle to get the right understanding of Halal processes?
4. Do you think the Government is doing enough to help FIANZ as a certification body and Exporters to help increase export growth in this particular area?
5. Who is responsible for ensuring our exported meat is contamination free and follows Halal logistic processes. Is this part of certification?
6. What is AHO (Approved Halal Organisation)? Can you brief on that please?
7. Are you in favour of standardised global certification process? Is it possible or achievable?
8. Our manufacturers export food products globally, do you think they do proper research before entering Muslim markets, or should they be made aware somehow to show how this potential can be unleashed.
9. Do you think our new exporters are aware of the fact that we have good trading relationships with Indonesia and Malaysia and there is something called the Halal industry that they can penetrate into in order to get more profits?
10. Who sponsors/funds overseas delegates that could become our potential customers?