

Analyzing Marketing Macro Environment of Islamic Tourism Industry in Malaysia

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ABSTRACT

Global halal industry has consistently been on the rise in many parts of the world at least for a decade. The market for halal industry around the globe is getting bigger by years. There is an emerging interest particularly among Muslim consumers everywhere to consume halal products and this becomes a good sign for global halal market. A survey conducted by DinarStandard and CrescentRating estimated that the global Muslim tourist market is approximately USD 126.1 billion and this does not include those of Hajj and Umrah. Growth in Muslim travel is expected to reach 4.8 percent. Islamic tourism industry, like any other industries, responds to the needs and desires of consumers. The ethnic and religious diversity in this world has encouraged this industry to prepare products which are suitable for Muslim and non Muslim visitors. This study is conducted to analyze the marketing macro environment of Islamic tourism industry by using PESTEL analysis. The analysis examines the impact and interaction of each factor to each other. The findings of this study can be beneficial to entrepreneurs who involve in tourism industry since this study highlights the industry's macro factors, i.e. opportunities and threats, which can be utilized by entrepreneurs in developing strategies for their businesses.

Keywords: Halal, Muslim Friendly, PESTEL Analysis, Entrepreneurs.

INTRODUCTION

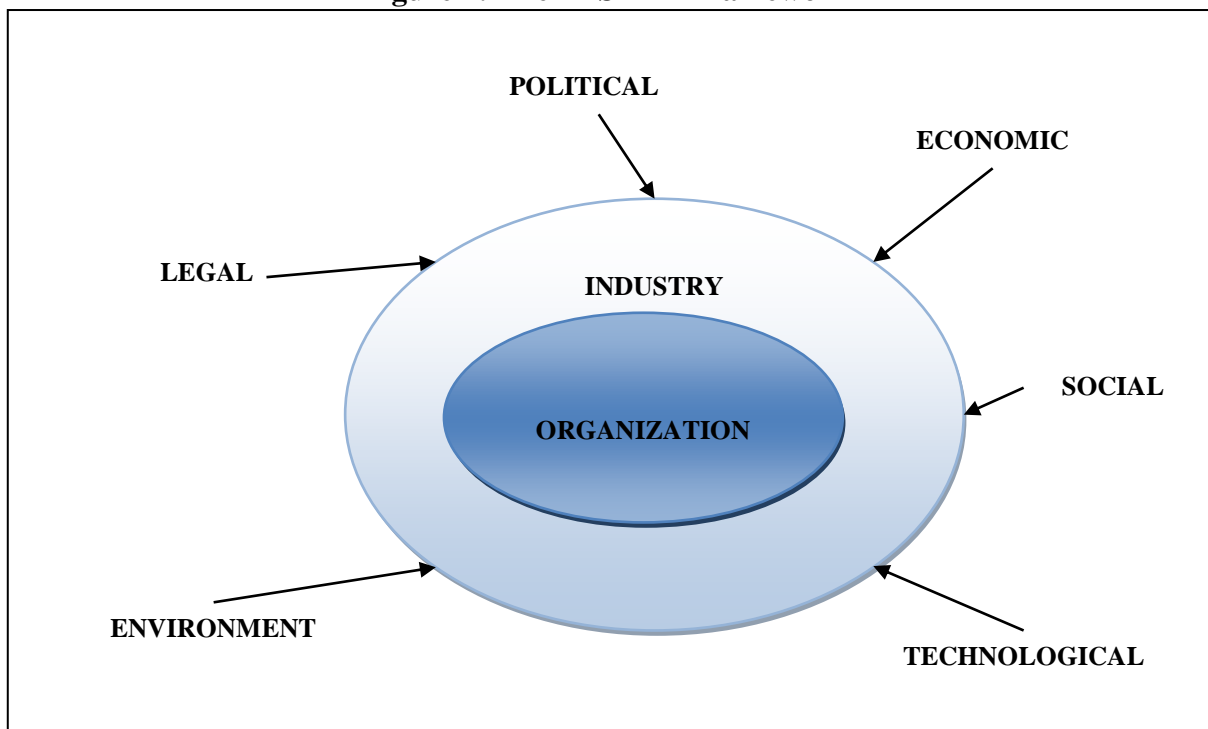
The growth in Halal industry brings a new spectrum in most major industries in Malaysia. Looking to the biggest industry which is food, the research on Halal is still ongoing although the market already established. Starting from food industry, the discussion on Halal becomes more interesting and challenging with the involvement of other industries that cater to the Halal market such as cosmetics, tourism, pharmaceuticals, logistics, and supply chain. Halal research explores and reveals a lot of business issues including marketing. To be effective and competitive, all businesses need to have good marketing strategy. This will differentiate their strategies with others which in turn will help in improving their business reputation and demand from the customers.

Marketing is a basic function in organization. The development and implementation of an effective marketing strategy must start with a deep analysis on marketing environment (Filip, 2012). By understanding the forces involved in marketing environment, the organizations may develop a positive relationships and reactions with their customers which

may strengthen their marketing strategies. According to Kotler (2017), customers will choose products and support the brands when the products have attributes that meet their needs and wants. In other issues, Kotler also claimed that those organizations who ignore to changes in marketing environment will lost the competitiveness and may have higher risk in having internal crisis (Kotler, 2005).

The aim of this study is to analyse the macro environment of Islamic tourism industry in Malaysia. Although the marketing environment consists of micro and macro environment, this study will analyse the external forces only, which may influence the Islamic tourism industry in Malaysia. The external audit is important to develop a finite list of opportunities that could benefit a firm and threats that should be avoided (David, 1999). This macro environment will be analysed using PESTEL analysis. PESTEL analysis stands for Political, economic, social, cultural and demographic, technological, environment, and legal forces. The underlying thinking of PESTEL analysis is that the organizations has to react to changes in external environment (Gupta, 2013).

Figure 1: The PESTEL Framework



Source: Extracted and modified from Kotler (2017)

METHODOLOGY

The methodology employed in this study involves secondary resources. The data was gathered from books, newspaper report, academic journals, articles from website, and other relevant documents related to Islamic tourism and marketing. This study also used content analysis and updated statistics on Islamic tourism and tourism industry in Malaysia.

ISLAMIC TOURISM

Islamic tourism primarily refers to religious tourism activities involving Muslim communities to perform Hajj and Umrah. Years by years more scholars analyze the reliability of terms based on development of Muslim and Halal market. The definition being widened to tourism activities which cater the needs and wants of Muslim market including the selection of tourism destinations. According to Din, (1989), Muslim tourists can be classified according to the main purpose of travel. He claimed that most Muslim who have strong religious practices will have a travel purpose which linked to religion or visiting friends and relatives. Jafari and Scott, (2014) on the other hands claim that the definition of Islamic tourism is more than religious factors. Muslim also travel to gain and enhance knowledge, for education, gain more experience, learn social and cultural of other societies, and for business purpose. This in line with what Allah says in Al-Quran, Chapter 29, verse 20:

Say, Travel through the earth and see how Allah did originate creation; so will Allah produce a later creation: for Allah has power over all things.

Islamic tourism goes beyond the religion factors. Most travelers who goes for Islamic tourism nowadays are non Muslim where the purpose of travelling is clearly not for religion. They goes for leisure and for gaining new experience. This is the reason why experience marketing is effective marketing strategy for Islamic tourism industry. Islamic tourism being discussed in Halal industry because it may develop and contribute income to Islamic countries and benefit Muslim through utilization of Muslim market. If this concept being discussed on Islamic perspective, this industry may become a right path to teach people on the Islamic teaching and Islamic way of conduct or in other words “*dakwah*”. This is because Islam is a way of life. It is not learned for the purpose of knowledge only, but must be practiced in our daily lives. This shows the beauty of Islam – Islam, Iman, Amal, Ihsan.

MARKETING IN ISLAMIC TOURISM INDUSTRY

There are not much difference between Islamic tourism products and conventional tourism products. Most of Islamic tourism products are modified and delivered for a new Islamic value proposition. Table 1 lists major products of Islamic tourism industry.

Table 1: Major Components of Islamic Tourism

Islamic Tourism Products	Descriptions
Shariah Compliant Hotel / Muslim friendly hotel	Some of the main indicators of an Islamic hotel include: no alcohol, gambling etc.; Halal food only; Quran, prayer mats and arrows indicating the direction of Mecca in every room; Beds and toilets positioned so as not to face the direction of Mecca; prayer rooms; conservative staff dress; Islamic funding; separate recreational facilities for men and women.
Islamic Transportation (Airlines, Cruise)	Major indicators for halal transport include: cleanliness; non-alcoholic drinks; and publications which are coherent with Islam.
Halal Food Premises	Foods that served in a restaurant have to be halal. All animals must be slaughtered according to Islamic principles. No alcoholic drinks should be served in the premise.
Halal Tour Packages	The content of the tour packages must be based on an Islamic

	themed. The Islamic tour packages include visits to the mosques, Islamic monuments and promote and event during the Ramadan.
Islamic Finance	The financial resources of the hotel, restaurant, travel agency and the airlines have to be fit with Islamic principles. In general, Islamic finance requires participation in sharing the profit and loss among of all parties who involved in this finance enterprise. Islamic finance also prohibits interest.

Source: Adapted from Akyol and Kilinc (2014)

Marketing and promotion policies constitute an essential part of any national tourism strategy. As a niche market of the tourism sector, products and services of the Islamic tourism sector also needs to be marketed and promoted under the guidance of national authorities in order to raise awareness, attract more tourists, generate more revenues and sustain the growth of the sector (The Statistical, 2017). Therefore the new marketing strategy needs to be developed to expose the differentiation and unique concept in the product in order to compete with conventional tourism products.

According to report by Statistical, Economic and Social Research and Training Centre for Islamic countries (SESRIC), 2017, an effective marketing strategy in the tourism sector usually consists of product development, branding, pricing, positioning, and promotion. Therefore the marketers need to find the correct mix among this five components in order to come out with unique and effective marketing strategy.

Table 2: Key Marketing Concept in Islamic Tourism

Key Marketing Concept	Descriptions
Product Development	The creation of Islamic tourism products and services with new or different characteristics that offer new or additional benefits to the traveler.
Branding	The process involved in creating a unique name and image for Islamic tourism products, services or places (e.g. Muslim friendly city or separated beach for men/women) in the travelers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers.
Pricing	Activities aimed at finding a product's (from minimum rate for a hotel room rate to airport tax) optimum price, typically including overall marketing objectives, consumer demand, product attributes, competitors' pricing, and market and economic trends.
Positioning	Islamic tourism marketing strategy that aims to make a brand (e.g. country, region, city) occupy a distinct position, relative to competing brands, in the mind of the traveler.
Promotion	The advancement of Islamic tourism products, services or places through publicity and/or advertising.

Source: Adapted from businessdictionary.com

PESTEL ANALYSIS

Demand for Islamic tourism products are increasing. According to Pew research, there were 1.6 billion Muslims globally and this figures is estimated to increase to 2.8 billion in 2050 (Handerson, 2016). This is an opportunity for Islamic tourism industry. However, customers' demand for Islamic tourism products is actually depends on changes in external forces. Islamic tourism is a new segment extended from a numbers of segments in tourism industry in Malaysia. This is because Islamic tourism industry have targeted Muslim tourists who seek for Islamic tourism products. Therefore, any changes in political, economic, social, technological, environment, and legal forces may give impact to both Islamic tourism and tourism industry in Malaysia.

Political forces

Malaysian government have positive views towards Islamic tourism industry in Malaysia. The development of Islamic tourism industry can be seen through the introduction of varieties of Islamic tourism products. Among the popular products are Shariah-compliant hotels and accommodation, Muslim friendly hospitality, Islamic cruise tourism, and the most recent Islamic tourism products which is widely discussed among scholars is shariah compliant airlines. To support tourism industry, the Malaysian government had established Islamic tourism centre (ITC) in 2010. This centre is under Ministry of Tourism. The main objective of the centre is to strengthen the Islamic tourism industry in Malaysia. ITC is a good platform to promote Islamic tourism products to the tourist.

Beside ITC, Malaysian government also developed Halal Industry Development Corporation (HDC) which is under Ministry of International Trade and Industry (MITI). HDC organizes several annual events related to halal industry such as the Malaysia International Halal showcase (MIHAS) and the World Halal Forum (WHF) (centre, 2018). These events help in bulding country's reputations as a global reference for Halal industry.

Tourism industry contributes to the national income. This is why the idea and effort on the development of this industry included in the 9th Malaysian Plan. Malaysian new government led by Tun Dr Mahathir Mohammad, give full support on development of tourism industry in Malaysia. This clearly stated in statement made by prime minister, Dr Mahathir Mohammad to reporters:

“ We need to add more hotels and restaurants to meet the huge demand from tourist and as an effort to help local community” (Bernama, 2018).

The new government also will review the tourism tax charged to tourist. This is also a good signage to those players in tourism and Islamic tourism industry in Malaysia.

Economic forces

Islamic tourism provides a lot of job opportunities for local people especially those who implement Islamic lifestyle practice (Nizam, 2013). In certain tourism products like hotels, staff are not allowed to wear hijabs. Not only that, the dresscode also are not suitable for Muslim employees. The staff need to serve alcoholic beverages to the guest. This is a big issues for Muslim. With Islamic tourism products, the dresscode, facilities and the food will strictly follow Shariah guideline. According to the statistics by World Travel and Tourism Council, job employment for travel and tourism in 2022 will account for 120,470,000 jobs

(Lina Munirah and Hairul Nizam, 2013). This figure shows the demand for employment for tourism industry including Islamic tourism industry.

Global tourism has generated more than USD50 billion in GDP. In 2015, Muslim tourism expenditure account for USD145 billion. This shows that there is an opportunity for Islamic tourism industry. The growth in Muslim Tourist market gives wide opportunity to travel agencies to develop Muslim package. Beside, this industry will help in development of the local economy and reduction of poverty.

Social Forces

Islam is known as a religion for all people regardless of colours, languages, cultures, and others. Islamic tourism promotes this values through creating the relationship between Muslim and non-Muslim people. According to Battour (2017), Islamic tourism products are able to create positive perceptions among non Muslim tourist and this positively influence trip quality and value (Battour, 2017).

Islamic tourism industry is also able to reduce negative tourism activities which may reflect to increase in social value of Muslim. The example of positive values is Islamic Cruise activities which focus on development of Muslim values and practices in their cruise journey.

Technological forces

Technology has became powerful tools for marketing of Islamic tourism products. To be attractive and widely access by customers, it is important for Islamic tourism industry to adapt and apply technological platforms in marketing their products. Online travel agencies such as booking.com, TripAdvisor, and Halalboking.com are able to achieve revenues of at least one billion pounds by the end of 2021 (Belopilskaya, 2018). In Malaysia, it is an advantage for Islamic tourism products such as hotel to promote their hotels through Trivago and Agoda as this two online booking website are acceptable widely and can be used to gain competitive intelligence.

Beside the online booking, smartphone apps is also the easiest way to build relationship with customers. For example, Halaltrip, smartphone apps developed by tourism authority of Thailand which provides information related to more than 65 destinations worldwide, able to generate higher revenue. Involvement in e-commerce is important for Islamic tourism industry since the markets nowadays have moved to digital marketing. The usage of digital marketing platforms like online marketing, social media marketing and mobile marketing may increase product awareness to the customers.

Table 3 shows statistics on the number of internet users in Malaysia from 2015 to 2022. In 2016 the number of internet users was 21.93 million people and this figure is projected to grow to 23.41 million in 2022 (statista, 2018). The other interesting statistics is 71% of the Malaysian population uses the internet which is 21,090,77 (Stats, 2016), 60% of Malaysian prefer to use smartphone when searching for local information and 38% of Malaysians make purchases online with 50% completing their transactions offline (Barometer, 2018).

Table 3: Number of Internet users in Malaysia from 2015 to 2022

Year	Number of Internet Users (in millions)
2015	20.68
2016	21.15
2017	21.54
2018	21.93
2019	22.33
2020	22.7
2021	23.06
2022	23.41

Source :Statista, 2018

Environment Forces

Islamic tourism industry does not have major issues regarding environmental factors. This is because the visiting destinations in Islamic tourism has controlled activities such as visiting mosque, Halal food restaurants and places which give consideration to cleanliness as being guided in Islam (Nizam, 2013). The promotion on vandalism also needs to be considered in marketing activities as Islam requires people to protect environment and creatures.

Islamic tourism industry in Malaysia also may get advantage from the natural environment which needs to be protected in order to make Malaysia as a selected destinations among tourist. Community based tourism such as Muslim friendly homestay needs to preserve natural environment as it is one of the important attributes in destination selection process.

Legal Forces

Local, states, and federal laws can have a major impact on the strategies of players in Islamic tourism industry. Safety issues such as terrorism has restricted the travel destination for tourist. In 2013, Malaysia being shocked with 100 of armed group attack in Lahad Datu, Sabah. Due to that issue, Malaysia has restricted the citizen and tourist to go to Lahad Datu during the crisis. However, others countries such as Foreign Commonwealth Office (CFO) and Taiwan Foreign Affairs Ministry (MOFA) issued a travel advisory which warn their citizens to avoid visiting Sabah.

The other legal issues is regarding implementation of tourism tax which is imposed to foreign visitors, Tourism Act 1952, and zero Goods service Tax (GST) which needs to be followed by industry players. Islamic tourism industry also needs to aware on standards and guideline regarding the code of conduct and practices which is an important component in operations system. Some of the standards are MS ISO 9000 series Quality Management (QMS), MS 2610:2015 Muslim Friendly Hospitality Services, MS 1900:2014 Shariah-Based Quality Management, MS 1500:2009 Halal Food-Production, Peparation, Handling, and Storage- General guidelines (second revision).

CONCLUSION

Islamic tourism industry is a growing industry. The products offered in this industry mostly similar to the conventional tourism industry. Therefore the big challenge to the marketers in this Islamic tourism industry is to match and find the correct marketing concept in developing

effective marketing strategies. To do so, one of the vital activities that marketers must perform is to analyse macro environment factors. Understanding on this factors may enhance the effectiveness and help in differentiation strategy which may create better positioning and competitive advantage.

This study only focus on marketing macro environmental factors. It is highly recommended to study on marketing micro environmental factors which may give a better pictures on industry and company in this Islamic tourism industry. This study hopefully can benefit those who in Islamic tourism industry to understand their marketing macro environment before developing their company's marketing strategies.

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