

PRIMARY RESEARCH

Iranian Customers' Understanding towards *Halāl* Logo and Islamic Brands

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Keywords

Islamic Marketing,
Halāl Brand,
Islamic Brand,
Halāl Certification

Received: 15-Mar-19

Accepted: 6-Jul-19

Abstract: The purpose of this paper is to introduce *halāl* logo as a new marketing paradigm, which marketers use as a means of distinguishing their products and services in the competitive environment. This research aims to show the importance of education and training in the area of *halāl* and encouraging scientific societies as well as industry players for further research on the subject. We examine whether customers look for the *halāl* logo when purchasing products and services or whether they know about the owner of the logo. We also study the dimensions on which these products and services are considered as *halāl*. The study employs applied research and survey technique on a sample of 385 respondents who had the experience of traveling to a foreign country, using random selection and conducting structural equations modeling. The findings show that awareness about *halāl*, level of commitment to religious rituals, marketing concept, *halāl* certification and the true meaning of *halāl* are considerable factors affecting the Iranian customers' understanding towards *halāl* logo and Islamic brands. Iranian customers are not sufficiently exposed to *halāl* logo and *halāl* brands through marketing communications, while to enhance *halāl* product and services, it is necessary to make increased use of marketing and branding strategies. This research provides a model that marketers need to consider when presenting their products as an Islamic brand, as it shows the dimensions of understanding and awareness of Iranian customers towards *halāl*. Evidently, it requires cooperation among Islamic cooperation organization (an authority in issuing *halāl* logo on brands in Iran), standard organization, and brand owners.

KAUJIE Classification: H54, P1, T6

JEL Classification: M3, Z12

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INTRODUCTION

The opportunity for distinguishing and providing a unique identity for products is very scant, to the extent that some individuals are inclined to believe that the costs of distinguishing

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outweigh its advantages. Since *ḥalāl* is an essential part of Islamic cultural networking, *ḥalāl* certification can provide us the possibility of searching for a new marketing paradigm (Rajagopal, Ramanan, Visvanathan, & Satapathy, 2011).

Ḥalāl means permissible and in Islamic culture it denotes to something that Islam considers to be lawful and legitimate for its followers; the word *ḥarām* is its antonym, meaning unlawful and not conforming to the Sharī'ah principles. All Muslims are obliged to use only those products that are permissible and conforming to Islamic laws and principles (Rajagopal et al., 2011).

Today, Muslims constitute a quarter of the world's population and it is expected to rise to 30 percent of total world population by 2025. Their cultural background is so natural and unconscious that usually their behavioral effect is overlooked. Thus, the *ḥalāl* phenomenon will need to be globally recognized and used (Rajagopal et al., 2011). This makes a demand for *ḥalāl* products to essentially grow across the world (Borzooei & Asgari, 2013). Muslim population, growth in the number of youth and educated Muslim as new consumers in the market, and increased awareness and demand for *ḥalāl* products and services due to emerging Muslim societies all over the world relating to immigration activities, add to the importance of the issue (Abdul-Talib & Abd-Razak, 2013).

This significant demand motivates businesses to fight for and secure maximum market share. For instance, McDonald's and Nestle invest substantially to capture an extensive share of the market. In the competitive market, each product type offers many different brands and each brand tries to win shelf space and attracts more consumers. *Ḥalāl* as the central Islamic marketing asset possesses the conditions and qualifications of a legitimate brand entity. In fact, the *ḥalāl* brand is a safe place to lessen the uncertainty associated with buying a product. It is also a source of establishing a strong relationship with consumers (Borzooei & Asgari, 2013).

The market for *ḥalāl* products amounts to annually 150 billion dollars worldwide, involving 20 percent of the total food industry, which continues to grow. In line with rising awareness about the *ḥalāl* market, it is claimed that there are many agencies in the world issuing 340 *ḥalāl* certifications, while some of them are not following the principles and don't possess the required qualifications in this field. This trend has raised some concerns over the veracity of *ḥalāl* certification, not only among Muslim consumers, but sellers and producers as well. The findings from a research by International Business Center in Abu Dhabi show that Islamic markets cover Muslims as well as non-Muslims, and as such, the presence of these concerns cast a shadow on consumer trust and reassurance. In Australia, for example, at least 15 organizations and in Netherlands 30 to 40 organizations are issuing *ḥalāl* certification; very few studies addressed this issue. The doubts created by *ḥalāl* certification increase, when it is realized that we cannot call a product *ḥalāl* only because it has been produced by a Muslim country, which even its banking services are doubtful (Rios, Riquelme, & Abdelaziz, 2014).

Muslims should only use the certified *ḥalāl* products conforming to religious parameters. This will create a significant international market for *ḥalāl* products estimated at annually 589 billion dollars. Also, there are considerable opportunities for food export to the Middle East and North Africa with a population of about 475 million people which import their food.

International business for *ḥalāl* food already has been estimated at 80 billion dollars annually, or in other words, 5 percent of total world food trades. European Muslims also purchase a *ḥalāl* product, because they believe that these products are safe and healthy (Ireland & Rajabzadeh, 2011).

There are very few studies on Islamic world branding as it is presumed that branding principles are the same as for the others. However, when consumers buy a *ḥalāl* product, regardless of the value they might place on it and subsequently do the purchase, they buy based on their belief. Branding in Islamic world acts like a double-edged sword: on the one hand, some very expensive brands known worldwide may be rejected by people of some Muslim countries like especially, Iraq, Libya and Afghanistan due to a perception of cultural imperialism. On the other hand, some local brands, like 'Mecca-Cola' in Saudi Arabia which never received popularity of world brands, may replace the famous international brands (Rios et al., 2014).

Along with the increase in Muslim population and the emerging values of the world market of *ḥalāl*, it will be essential for companies to consider the opportunity created by this trend (Mohtar, Amirnordin, & Haron, 2014). The phenomenon of Islamic branding management as a separate and new combination has been of great interest for academicians and administrators inside and outside of Muslim society across the world. The evidence of this can be found in Islamic scientific journals in the field of business management and marketing agencies, proving Islamic branding consultation. The introduction of these new and distinct areas is not only resulting from the identification of needed and demands, but importantly, it appears that there is a gap in intellectual schools of the brand and its frameworks, making it necessary for investigation (Wilson & Liu, 2011).

The current study examines awareness of the concept *ḥalāl* and Islamic brand among Iranian customers who have an experience of traveling to the foreign country. Based on this knowledge, this question arises that how Iranians are aware of the correct meaning of *ḥalāl* and Islamic brand, living in a country with a dominant Muslim population? How much do they show sensitivity when buying goods and services to ensure that it is *ḥalāl*?

There are a number of points to be noted: first, in countries like Iran, in contrast to other Islamic countries like Malaysia, production of goods, whether made inside or imported from outside, must be according to the laws of Islam and be certified in terms of *ḥalāl*, though *ḥalāl* logo may not be easily observed, because in Iranian society it is taken for granted that related authorities certify them in terms of being *ḥalāl* before allowing entrance into the market. Secondly, the *ḥalāl* logo used on the products needs to be inspected and revised, as the label on the product showing its issuance from the organization in charge which also indicates its identity, may not be necessarily on the product. Thirdly, a public offering of products considered *ḥarām* by Islamic law, throughout cities of the country is forbidden. Thus, there will remain no doubt for people that they can purchase products just based on quality and specific brand without looking for the *ḥalāl* logo on them. And finally, in the case of the entrance of any such products into the market, people will be noticed by the ministry of health and medical education and religious leaders to not use these products.

The existence of such assurances has made Iranian buyers less concerned with this issue as an indicator of their purchase decision making. Consequently, they do not induce any sense of demand and sensitivity to brands in feeling the need for making the customer aware of the item they are buying in terms of being *ḥalāl*. Therefore, no research on importance of *ḥalāl* has been conducted in the field of Islamic marketing and consumers purchase behavior; while this subject is especially important in the event of Iranian exports to Islamic countries.

Considering these points, before trying to carry out detailed research on things such as supply chain, we need to find out consumers level of awareness on *ḥalāl* concept and Islamic brand, so that we can do necessary planning for marketing activities especially outside the promotion area; yet it is not restricted to inside of the country and if producers decide to enter exterritorial markets especially Muslim countries around Persian gulf region and north Africa, it will require more careful and practical work on *ḥalāl* brand on products.

From the literature, above, following areas of research on consumer awareness on *ḥalāl* emerge:

- Is consumer aware in his/her search for *ḥalāl* certification?
- Does he know brands belonging to different groups of *ḥalāl* certification owners?
- When purchasing products and services, which dimensions they consider to identify *ḥalāl*?

Islamic Marketing

An important paradigm change has happened in modern marketing-a shift from consumer to areas of value which leads the concept of marketing towards human values. Evidently, *ḥalāl* is based on values called Islamic values. There is now a potential for creating a fully moral brand through integrating Islamic values and features like caring about animal health use, for example, in processing and manufacturing food products under appropriate conditions with the least amount of wastage. Islamic marketing is a new social science which is based on principles of Sharī'ah, looks at marketing performance, Islamic brands and the needs of Muslims (Tieman & Ghazali, 2013; Tieman, van der Vorst, & Ghazali, 2012).

Wilson (2012) in a paper titled "An introduction to Islamic Marketing, branding and consumer behavior based on 7P's", argues that in Islamic Marketing, a relatively new area, new 7P's should be defined (Wilson, 2012):

- Pragmatism: Assessment of reality and the meaning of views and critiques, which are rooted in an applied scientific approach and the real world.
- Pertinence: Indicating relationship and adaptation.
- Palliation: to fill gaps and reducing severity of hardships, while accepting that there are many complex issues that their root will never disappear.
- Peer-Support: Identifying and commitment to social networks of stakeholders that have originality.
- Pedagogy: Empowering stakeholders through providing instrumental concepts, methods and evident ways of doing things.
- Persistence: Continues work in spite of any difficulty.
- Patience: Establishing a base for the duration of a topic.

Ḥalāl

Muslim consumers are looking for the products and services, which adhere to Islamic laws and norms. They want those products that have Islamic brand or *ḥalāl* brand and are based on recognized principles which are not restricted to just food industry products, but includes cosmetics, healthcare, pharmaceutical, logistics, tourism, and banking. *Ḥalāl* food market and Islamic finance sector have seen a significant growth in the last decade, added by many other products and services such as cosmetics and health care products, hotels and construction industries. Total investments in Islamic financial services has been increasing day by day, and the measurable amount of *ḥalāl* industry was expected to reach to 1 trillion U.S. dollars (Lada, Tanakinjal, & Amin, 2009; Yusof & Jusoh, 2014).

Ḥalāl is a paradigm which requires understanding of some points (Wilson & Liu, 2010):

- Condition-specific and multidimensional cultural characteristics
- Strong moral views
- Relationships far from mere materialistic and mechanical thinking
- Strategic management operations

Increased discussion and researches in the area of Islamic marketing have raised awareness and interest of both Muslim and non-Muslim consumers about characteristics of Halal brands, so that it has been recognized as a symbol of cleanliness, safety and high quality among non-Muslim consumer in the world markets, leading to further academic research in this area (Yusof & Jusoh, 2014).

Ḥalāl is no longer a mere religious issue, because, first, the market size of *ḥalāl* foods and its development has grown in significant rate; and second, because of its political importance. Growing popularity of *ḥalāl* can be attributed to religious bias and belief that *ḥalāl* products are safer and finer. *Ḥalāl* is a commitment that secures all aspects of 1.6 billion Muslims lives across the world (Lada et al., 2009). Muslim population growth, world business potential of *ḥalāl* and strong support from Islamic countries governments create many opportunities for development in the area. Yet, lack of integrity and international principles in determining standards of *ḥalāl*, inability in creating a *ḥalāl* supply chain and using informational technology in this area, and absence of sufficient knowledge on marketing of the products in this industry, are some of existing threats in the market (Ab Talib & Hamid, 2014).

Ḥalāl industry comprises of three groups (Alserhan, 2010a; Yusof & Jusoh, 2014):

- *Food industry*: which at present is dominated by multinational brands like Nestle;
- *Lifestyle*: similarly, like tourism services; and
- *Islamic services*: especially financial services which could be changed in some region especially in china and Europe due to their interest in this Market.

When a product receives *ḥalāl* certification, the consumer will buy it with confidence and trust because he or she is reassured there is nothing to be concerned of (Rajagopal et al., 2011). To have *ḥalāl* certification means confirmation of the product by a formal authority in charge in terms of observing Islamic law principles through the whole process of the supply chain (Aziz & Chok, 2013). The good fame of *ḥalāl* products among non-Muslims relates to

threats from unhealthy animals and relevant concerns, which has made them inclined towards *halāl* as safer and healthier products (Rezai, Mohamed, & Shamsudin, 2012). However, mere using *halāl* logo will not be sufficient. Labels carrying details of the product on them will be of great help to consumers for taking a fast decision (Yunos, Mahmood, & Mansor, 2014).

Halāl product must (Ab Talib, Hamid, & Zulfakar, 2015):

- Not contain any non-*halāl* parts or products of *harām* animals or products or animals that are not slaughtered in the name of Allah and Sharī‘ah by methods;
- Not contain any ingredients that are considered najis (unclean);
- Is safe and not harmful;
- Is not prepared, processed or manufactured using tools or equipment contaminated or used together with non-*halāl* or najis;
- Have ingredients or by-products that do not contain any human part; and
- During the process of manufacturing, preparation, packaging, storage or distribution, the product must be physically separated from *harām* products.

Islamic Brands

Mere production of a product or a brand in an Islamic country may not make that brand an Islamic brand or product, as not all products produced and provided in Islamic countries necessarily meet the standards and principles of Islamic law (Alserhan, 2010b). Jonathon and Lia (2011) provided the following classification (Fig. 1: Classification of Islamic Brands) for Islamic brands (Cf: Wilson & Liu, 2011).

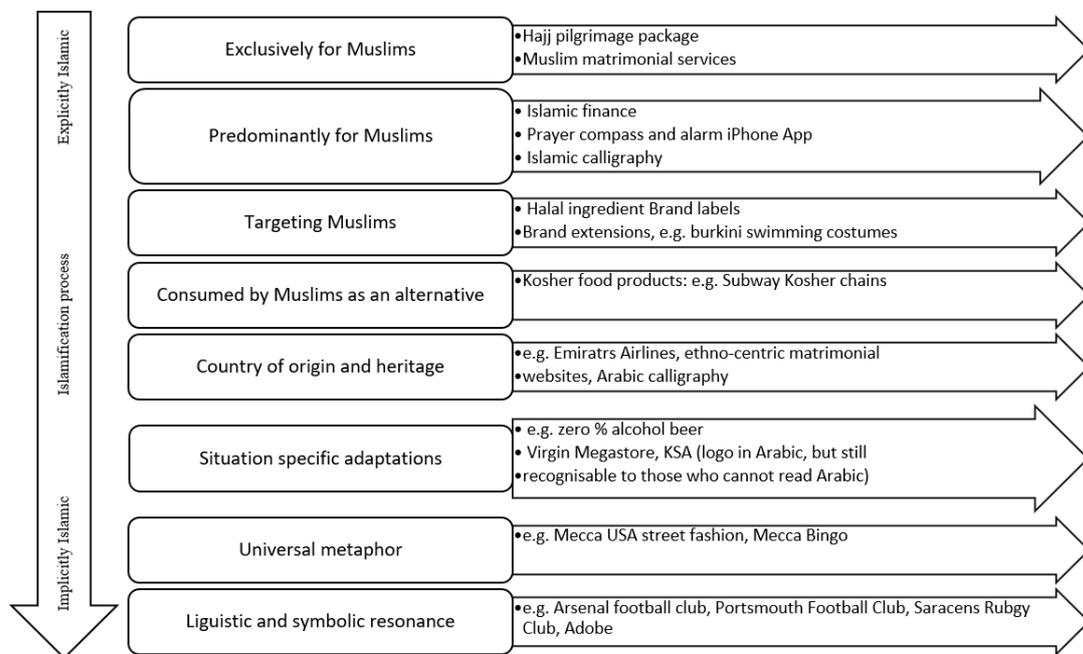


FIGURE 1. Classification of Islamic brands

Islamic branding can broadly be of the following categories: (Wilson & Liu, 2011)

1. That follow Islamic laws, i.e., Islamic brands based on Islam as a **religion**
2. Produced in an Islamic country, i.e., Islamic brands base on **country of origin**
3. Their target customers are Muslims, i.e., Islamic governments based on **destination**

The combination of these three groups gives four types of brands as shown in Fig. 2:

1. *True Islamic brands*: This is the only group of brands that involves all three characteristics; they are *ḥalāl*; are produced in an Islamic country and their target consumers are Muslims. The term "true" used here does not mean that other categories are wrong. For example, most of the brands produced in Islamic countries are *ḥalāl*, just because there are primarily produced for Muslims' consumption.

2. *Traditional Islamic brands*: The brands produced in an Islamic country, which target Muslims. As mentioned above, it is presumed these products and services are *ḥalāl*. Prior to globalization, all of these brands were considered to be *ḥalāl*.

3. *Inbound Islamic brands*: *ḥalāl* brands, which target Muslim consumers but are produced in a non-Muslim country. These have largely become Islamic, i.e., to be *ḥalāl*, made with some changes.

4. *Outbound Islamic brands*: *ḥalāl* brands the origin of which is Islamic countries, but do not necessarily target Muslim consumers.

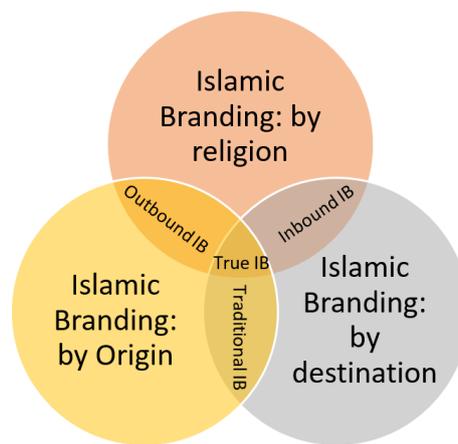


FIGURE 2. Categories of Islamic branding

TABLE 1
Categories of Islamic Branding

Islamic Branding	Sample Brand	Target Market	Market Size	Market Potential	Marketing Focus
Inbound	Nestle and KFC	Muslims	1.5-1.8 billion consumers	Substantial growth. The Muslim population is the fast growing in the world	<i>Ḥalāl</i> and reputed quality of international brands emphasized
Outbound	Islamic finance and hospitality	Non-Muslims and Muslims abroad	Rest of the world	Substantial growth due to the introduction outside the traditional Muslim market	Purity and humanity emphasized, not <i>ḥalāl</i> , in order not to raise religious sensitivities
True	Al Islami in UAE	Muslims	Same as inbound	Same as inbound	emphasize <i>ḥalāl</i> and patriotism
Traditional	Traditional local brands	Muslims	Same as inbound	Same as inbound	Emphasize patriotism more than <i>ḥalāl</i> , although <i>ḥalāl</i> is assumed

Proposed Theoretical Framework

In this paper, the model shown in Fig. 3 was constructed in order to examine the determinants of customer understanding of Islamic brands and *ḥalāl*. Its aim is to measure the relationship

between awareness on *ḥalāl* consumption, *ḥalāl* certification, marketing concept, religious beliefs and categorizing Islamic brands with an understanding of Iranian *ḥalāl* products and services.

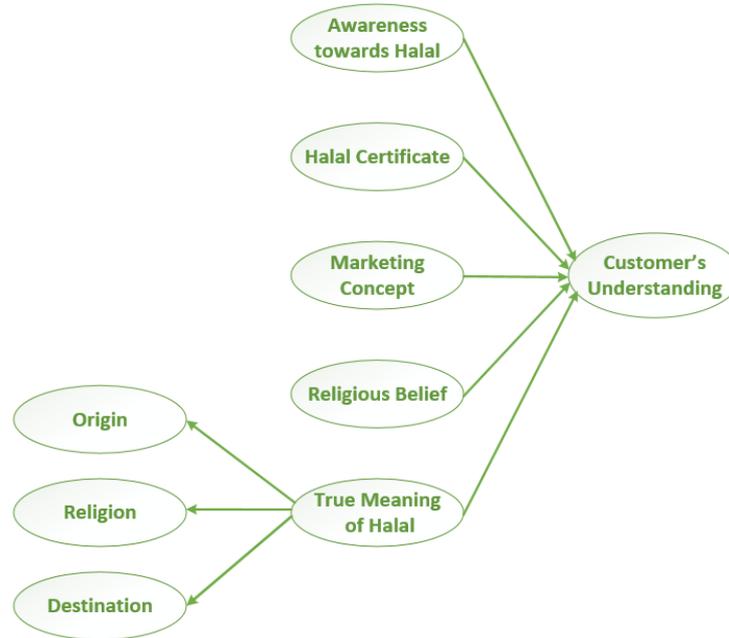


FIGURE 3. The model of factors affecting Iranian customers’ understanding of *ḥalāl* logo and Islamic brands

Awareness about Ḥalāl: In the context of *ḥalāl*, awareness describes human perception and cognitive reaction to a condition. It is special interest in or experience of something and/or being well informed of what is happening. According to studies on awareness and cognition, customers have a positive attitude towards awareness about *ḥalāl* principles (Aziz & Chok, 2013).

Ḥalāl certification: Issuance of *ḥalāl* certification implies that a regular process of preparation and delivery of *ḥalāl* products and services has been recognized. Thus, the producer is required to gain *ḥalāl* logo or *ḥalāl* conditions as an evidence to show its consistency with religious principles and Qur’ān (Aziz & Chok, 2013). Unfortunately, the process of acquiring *ḥalāl* certification is very costly and long. Therefore, medium and small enterprise are not inclined to take this certification; though, according to many customers, even if *ḥalāl* certification leads to growing prices of products and services, their popularity and purchase level will not be affected (Shirkhodayi & Amirhosein, 2013).

Marketing concept: Customers reaction to marketing strategies has a significant effect on the companies’ success. Knowing about both marketing and management will provide the company with an instrument to be able to satisfy the customers’ needs (Shaari & Arifin, 2010). we will examine how much successful they have been till now in promoting their products as *ḥalāl* and how well they have affected customers’ awareness.

Belief in a religion: Based on the nature of human, religion significantly affects individual’s behavior and attitude, because these are associated with religion and beliefs. Prior studies show that religion influences the individual’s choice of products and services. The religiosity of consumers plays a very important role in marketing and especially in advertising Shaari &

Arifin, 2010).

True meaning of Halāl: In the previous section, a detailed explanation was provided about categorization of Islamic brands and the true meaning of *halāl*. In this section, we will examine to see in which condition a brand should be regarded as *halāl* by consumers and customers, and in which groups of products and services *halāl* brands have been defined by now.

METHODOLOGY

In terms of purpose, this is an applied research; while from data collection method point of view, it is a descriptive study of survey type. It is examining the relationship between awareness about *halāl*, marketing concept, religious beliefs and categorizing Islamic brand with an understanding of Iranian customers. Statistical population in this research comprises of consumers with a background of traveling to a foreign country.

Regarding the characteristics of the statistical population, somewhat unbounded, we employed simple random sampling; in terms of sample size, and 385 individuals were chosen.

TABLE 2
Demographic Data on Respondents

Demographic Variables	Details	Frequency	Frequency Percentage	Accumulative Frequency Percentage
Gender	Female	241	62.6	62.6
	Male	144	37.4	100.0
Age	15-19	4	1.0	1.0
	20-29	109	28.3	29.4
	30-39	129	33.5	62.9
	40-49	60	15.6	78.4
	50-59	57	14.8	93.2
	60 and above	26	6.8	100.0
Monthly Income	Less than 1.5 million Tomans	169	43.9	43.9
	1.5 to 3 million Tomans	155	40.3	84.2
	Higher than 3 million Tomans	61	15.8	100.0
Education Level	Diploma or SPM	89	23.1	23.1
	Post-Diploma	33	8.6	31.7
	Bachelor	134	34.8	66.5
	Master	129	33.5	100.0
Working Status	Public	51	13.2	13.2
	Private	134	34.8	48.1
	Self-employed	62	16.1	64.2
	Student	36	9.4	73.5
	Unemployed	33	8.6	82.1
	Others	69	17.9	100.0
Number of Travels to a foreign country	5 times or less	285	74.2	74.2
	6 times or more	93	24.2	100.0
Level of Religiosity	Low commitment to religious rituals	61	15.8	15.8
	Medium commitment to religious rituals	199	51.6	67.4
	High commitment to religious rituals	109	28.3	95.7
	Very high commitment to religious rituals	15	4	100

TABLE 2
Continue

Demographic Variables	Details	Frequency	Frequency Percentage	Accumulative Frequency Percentage
Foreign Travel Destinations	Islamic countries	186		
	Asian countries	228		
	European countries	170		
	North American countries	32		
	South American countries	10		
	African countries	19		
	Australia and New Zealand	16		
Understanding of Groups of <i>halāl</i> products and Islamic Brands	Food products	346	89.8	
	Pharmaceuticals	167	43.3	
	Cosmetics	151	39	
	Leather products	131	34	
	Banking and tourism services	142	37	

Data was collected by designing a questionnaire both in paper and electronically, using five-point Likert scale with (5) **strongly agree**, (4) **agree**, (3) **neither agree nor disagree**, (2) **disagree**, (1) **strongly disagree** to obtain data for each of the constructs in the model for the study, 43 questions were examined. An electronic questionnaire was designed as an internet link and was distributed to Iranian customers based on the set criteria.

TABLE 3
Research Variables and Questionnaire Items

Research Variables	Variable Name	Cronbach Alpha
Dependent Variables	Customers Understanding of <i>halāl</i>	-
Independent Variables	Awareness About <i>halāl</i>	0.885
Independent Variables	<i>Halāl</i> Certification	0.796
Independent Variable	Marketing Concept	0.795
Independent Variable	Religious Beliefs	0.902
Independent Variables	True Meaning of <i>halāl</i>	0.753

Descriptive Model: Structural Equation Modeling

For testing the research model shown in the Fig. 3, a statistical software package was employed. In descriptive statistics, we calculated Pearson Correlation and conducted structural equation modeling. SEM analysis has two parts: measuring model and structural equation model. Measuring model indicates how the latent variables or hypothetical concepts are associated with or are specified by them. Therefore, this model describes the characteristics of measurement of observed variables (validity and reliability) and determines specified or

unspecified deviation. Meanwhile, structural equation model specifies the causal relation between latent variables; describes causality and determines explained or unexplained deviation. As mentioned above, this study uses LISREL 8.52 statistical package for testing the hypothetical model. LISREL 8.52 is especially designed for specifying the models, where latent variables, measurement errors and causality are combined. Furthermore, LISREL 8.52 is designed for estimating and testing the model fit and causal relationship. SEM provides a statistical model of linear relations between latent variables (unobserved) and observable variable (observed). One of the unique characteristics of SEM is its ability in providing parameter estimates for the relationship between latent variables. SEM is like path analysis in order to provide parameter estimates for the direct and indirect relationship among observed variables (Hooman, 1388).

FINDINGS

Descriptive Statistics and Correlation Analysis

Table 4 summarizes statistical indexes of the variable based on statistical analysis including the mean and standard deviation of each variable. Pearson correlation coefficient is also shown for different variables. The mean of all variables, except for true *ḥalāl* meaning variable (2.81), is higher than average (number 3 in five-point Likert scale), suggesting that first 4 variables are in good state and are higher than sample average. The positive and significant value of correlation coefficient indicates a significant relation between the two variables. Accordingly, between independent variables of research, there is a pairwise positive and significant association. The highest correlation association is between two independent variables of awareness about *ḥalāl* and religious beliefs, suggesting strong positive and significant relation between the two variables. Also, the lowest value of correlation coefficient is between *ḥalāl* certification variable and the true meaning of *ḥalāl* variable (0/508), indicating medium positive and significant relation between the two variables.

TABLE 4
Descriptive Statistics and Pearson Correlation Analysis (Quantity = 358)

Research Variables	Average	Standard Deviation	Awareness	Certification	Concept	Beliefs
1. Awareness about <i>ḥalāl</i>	3.43	1.01	1			
2. <i>Ḥalāl</i> certification	3.17	0.62	0.742**			
3. Marketing concept	3.55	0.61	0.744**	0.737**		
4. Religious beliefs	3.81	0.84	0.849**	0.708**	0.718**	
5. True meaning of <i>ḥalāl</i>	2.81	0.58	0.559**	0.508**	0.531**	0.532**

** $p < 0.01$

Confirmatory Factor Analysis (CFA)

This research uses confirmatory factor analysis to examine validity and reliability for each construct (research variables). Table 5 provides evidence of construct validity (divergent and convergent validity), as all validity indices are lower than 0/60. Composite reliability and the summary of mean-variance measurements also validate sample reliability. Common mean variance between constructs and scales are higher than 0/50, which this acceptable value was

suggested by Kalantary and Homan (Kalantari, 2009). Therefore, composite reliability is strong, like Cronbach for structural equations, for all multiple scales which range from 0/76 to 0/83. Overall, Table 4 shows that all 5 research constructs have acceptable validity and reliability.

TABLE 5
Validity and Reliability of Research Variables

Construct	No. of Questions	Construct Validity	Average Variance Extracted
1. Awareness about <i>ḥalāl</i>	7	0.82	0.76
2. <i>Ḥalāl</i> certification	8	0.85	0.77
3. Marketing concept	11	0.93	0.83
4. Religious beliefs	8	0.87	0.79
5. True meaning of <i>ḥalāl</i>	9	0.89	0.80

Structural Equation Model Analysis

This study estimates equation model using maximum probability method (Kalantari, 2009). Perfect maximum probability model includes structural models which combine 5 latent variables and 43 variables in order to test second-order confirmatory factor analysis.

Model fit testing: Before testing research hypothesis and concluding, it is necessary to ensure if hypnotized model provides a good fit for the collected data. In working with LISREL program, each index acquired from model fit cannot on its own be a reason for goodness-of-fit or the other way around, but these indices should be assessed and interpreted together (Kalantari, 2009). Common indices for the total model test are 1): fit statistic to the degree of freedom ratio that is lower than 3, (2): goodness of fit indices which all of them have a threshold higher than 0.9. For a model, which has been carefully divided into suitable data, usually 4 goodness of fit indices are assessed.: 1): goodness of fit index (CFI), 2) Adjusted goodness of fit index (AGFI), 3) normed fit index (NFI), 4): Root Mean Square Error of Approximation (RMSEA), which should be lower than 0/08.

Table 6 shows a summary of estimation indices from structural equation model. The results show a good fit for the hypothetical model. Model fit statistic to the degree of freedom ratio is below 3, suggesting sufficient model fit. The value of RMSEA has reached the acceptable value of below 0.8 (RMSEA = 0.035). Especially, values of GFI, AGFI, NFI and CFI show the acceptable value of higher than 0/9 (0/99, 0/98, 1/00, and 1/00, respectively). All the indices are above the acceptable limit and are desired. Therefore, desired conditions of these indices indicate that hypothetical research model (Fig. 3) is statistically significant and this model best fits the collected data.

TABLE 6
Fit Indices for Conceptual Research Model

Estimation Index	$\chi^2/d.f$	GFI	AGFI	NFI	NNFI	CFI	RMSEA
Research Model	1.46	0.99	0.98	1.00	1.00	1.00	0.035

Hypotheses test: In order to assess the hypotheses 1 to 5, proposed hypothetical model was tested using LISREL 8.2. Factor loadings among independent variables and dependent variables were estimated. The hypotheses related to this relation were tested based on t-statistic. Fig. 4 shows conceptual research model with the path coefficients. All of these coefficients are significant and positive and validates all hypothesized relations among variables.

Awareness about *ḥalāl* is a factor significantly affecting customer understanding of *ḥalāl* brand (B = 0.94). Awareness about *ḥalāl* certification is a factor significantly affecting customer understanding of *ḥalāl* brand (B = 0.79). Awareness about marketing concept is a factor significantly affecting customer understanding of *ḥalāl* brand (B = 0.80). Awareness about religious belief is a factor significantly affecting customer understanding of *ḥalāl* brand (B = 0.90). Awareness about the true meaning of *ḥalāl* is a factor significantly affecting customer understanding of *ḥalāl* brand (B = 0.60). Thus, 5 research hypotheses are confirmed.

TABLE 7
Estimating Parameters of Structural Equation Modeling

Research Hypotheses	Parameter Estimation	t-statistic
1. Awareness towards <i>ḥalāl</i> -Customers' understanding of <i>ḥalāl</i> brand	0.94**	23.90
2. <i>Ḥalāl</i> certification-Customers' understanding of <i>ḥalāl</i> brand	0.79**	18.24
3. Marketing concept-Customers' understanding of <i>ḥalāl</i> brand	0.80**	18.49
4. Religious beliefs-Customers' understanding of <i>ḥalāl</i> brand	0.90**	22.39
5. True meaning of <i>ḥalāl</i> -Customers' understanding of <i>ḥalāl</i> brand	0.60**	12.76

**p < 0.01

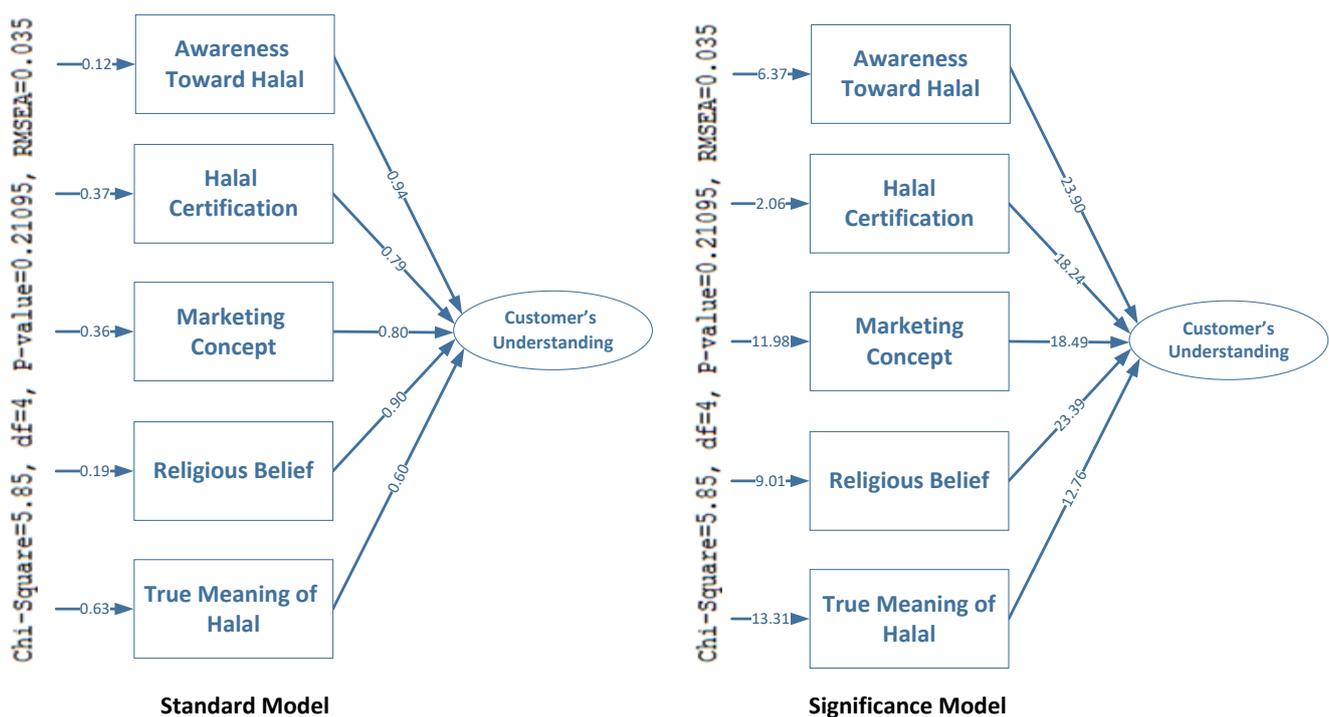


FIGURE 4. Coefficients estimation in conceptual model

Discussion

The purpose of this paper was to provide a model for Iranian customers' understanding of *ḥalāl* logo and Islamic brands. Five variables, namely awareness of *ḥalāl*, *ḥalāl* certification, marketing concept, level of religious belief, and true meaning of *ḥalāl* were measured; the mean value of the last variable, i.e., true meaning of *ḥalāl* was reported below the average. Through structural equation modeling test, researchers' hypotheses, namely, the effect of awareness about *ḥalāl* with the highest effect on customer understating of the *ḥalāl* logo and Islamic brand (0.94), religious beliefs (0.90), marketing concept (0,80), *ḥalāl* certification (0.79), and the true meaning of *ḥalāl* were confirmed.

The information from individuals under study shows that Iranian customers' understanding of *ḥalāl*; that what *ḥalāl* is and under which conditions, and in which product group these rules are definable, is low. The feedback from questionnaires indicates that concept of being safe and healthy commonly is believed to be applicable only to foods and drinks. In terms of products like pharmaceuticals, defining *ḥalāl* within this area for many was surprising. Islamic services such as banking services, though addressed in media, was not selected by many as a product that could be defined by *ḥalāl* and Islamic brands.

The best answers and the most understanding belonged to those who had already been to a foreign country. True meaning of *ḥalāl* for these individuals regardless of the level of their religious beliefs was so tangible and much referred to difference taste and odor in *ḥalāl* foods and drinks; even they would rather have *ḥalāl* food products at the expense of higher price, though other non-*ḥalāl* foods were more abundant in market and easier to provide. So, those who had practical experience in dealing with *ḥalāl*, except for those living in Islamic countries like Arab emirate, were familiar with different aspects of *ḥalāl* and Islamic brands. The best information came from Iranian students living in foreign countries as from the first day of admission to university they are introduced by some centers like association for a Muslim student to a list of supermarkets, brands and product permissible by Islamic laws.

Another issue is that level of religiosity was not necessarily an indication of their exact awareness of various aspects of the subject under study. However, individuals who had more commitment to religious rituals, after reading the questionnaire, showed more interest to become aware and learn about the subject.

CONCLUSION AND CONTRIBUTION

The results of this research seek to create awareness of the fact and the situation that has been ignored; the level of awareness of the Iranian people and their sensitivity to the *ḥalāl* issue indicates its recognition and importance in choosing Islamic brands. The fact is that, despite the existence of shopping addiction, especially among Iranian youths, there is little or no sensitivity to this issue despite living in an Islamic country and a Muslim community, because the *ḥalāl* issue has been presumably approved for all the goods and services provided to them. On the other hand, they do not recognize the extent of the goods and services that can be defined in the *ḥalāl* chain, and they are often limited to food and drinks. This awareness was necessary to define and plan any other research in the *ḥalāl* field.

Looking for a *ḥalāl* logo to find it on products at the time of buying, is not a tangible matter inside this country. As people are assured that whatever is bought in an Islamic country, that is necessarily *ḥalāl*, they don't feel necessary to take care of, which refers to the dimension of the true meaning of *ḥalāl*. However, for something to be truly *ḥalāl*, three conditions should be met: target, religion, and destination. Raising public awareness through media, not in by educational programs but by focusing on advertisements from brands in various groups of products and services, can make them sensitive to the issue of *ḥalāl* just as Iranians living abroad were. Practical engagement makes it sustainable in mind. Also, some authorities like the Standards Organization can play an important role in keeping the public informed and raise their awareness and understanding.

This study, before going on issues like exports of *ḥalāl* products and creating a *ḥalāl* supply chain as done previously in Malaysia, aimed to focus on sensitivity and awareness of Iranian people, as many think of *ḥalāl* only in terms of meat and poultry, not necessarily aquatics.

IMPLICATIONS AND SUGGESTIONS

Further research on this topic requires the collaboration of the organizations that were referred to in the previous section, so that results can be achieved that are functional and not academic. Of course, they also need cooperation with the academic community for more accurate research. Otherwise, the results of organizational research usually remain confidential in their organizations and do not define a solution to raise public awareness. The next research that needs to be performed is to realize which method will create and raise awareness in this community. This awareness is being used in Islamic branding, and brand owners can use it as a factor for competition in the domestic market. But it should also be noted that in order to export goods and services to the Islamic countries and countries with Muslim populations, this aspect is one of the minimum requirements to be observed.

Paying attention to the *ḥalāl* issue can bring those new markets, which due to lack of awareness and recognition, have been ignored so far. At the same time, Iranian brands can increase the range of goods and services they can offer by focusing on the *ḥalāl* issue in the value chain of different industries. This issue is important because of Iran's efforts to increase non-oil exports.

To raise more awareness about the *ḥalāl* concept and Islamic brands, it is suggested that future researcher examines the Muslim individuals who are residing in non-Islamic countries. It could be by the assistance of organizations like Islamic cooperation organization to be the incharge of issuing *ḥalāl* certification in Islamic countries, The diversity of participants in this research was more on those traveled to Islamic, Asian and European countries. To gain much better results, it is needed to increase the frequency of people residing or having a background of already living in one of the countries in North America, South America, Africa, and Pacific.

Also, Iranian organizations such as Islamic cooperation organization office, and Standard Organization, need to have further supervision and monitoring on these issues, as the products which have received this certification, are not using unified logo on their products and

therefore, it may not be easily remembered by the customers and consequently making it difficult to distinguish between true and untrue logo.

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