

ISLAMIC PERSPECTIVE ON MARKETING MIX

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Abstract

Islam is a religion that has economic and business systems that are well defined and have proven their efficacy and strength. In fact, Islam is a religious faith which cannot be separated from the realities of daily human activities, either religiosity, social or commercial. Given the scenario that commercial transactions are part and parcel of human daily activities, Islam provides a framework that shapes the moral and ethical behaviour of all commercial endeavours. Islamic teachings cover all commercial transactions, whether international or local. In marketing practices, Islamic teachings embedded in the Quran and the traditions of the Prophet (saw) have a foundation that is based on equity and justice. With this in mind, the paper attempts to identify the salient characteristics of the Islamic perspective on the framework of marketing mix. The paper analyses the five Ps of marketing mix which are product, price, promotion, place and people from the perspective of Islam. The paper adopts the methodology of evaluating the prevailing practices of marketing mix from an Islamic perspective with the sole aim to highlight the efficacy and strength of an Islamic ethical framework. Finally, the paper illustrates that Islam provides a framework for the creating and sustaining of a strong ethical marketing culture.

Keywords: *Islam, framework and marketing mix*

JEL Classification: M31 Marketing

1. INTRODUCTION

Muslims consist of about one fifth of the world population. Definitely, the goods and services consumed by them provide vital information for any international corporation especially in our global competitive market. Besides, a number of nations in the Middle East are among the richest consumers of the global world market. There have been very huge Islamic funds hoping to invest only in firms producing goods and services allowed in Islam (De Balder, Richard & Khan,

1993: 23-26). In addition to this, there are many nations embarking on the Islamization programme in administration and policy. These countries include Malaysia, Pakistan, Egypt, Sudan and others. Undoubtedly, this makes the Islamic production of goods and services indispensable to many multi-national corporations.¹ Thus, it is increasingly crucial for these multi-national corporations to create *halal* divisions and have strict discipline to audit their products so that their products can be accepted in Saudi Arabia, Iran, Malaysia and other parts of the world where there is very strict Islamic way of auditing Islamic goods. The multi-national corporations would not lose anything if they learn more about Islamic marketing mix in the global market, even if they do not understand the objectives of Islamic marketing as it would certainly increase the sales and profit margin of their goods. Multi-national corporations which do not have an Islamic *halal* department are only alienating a big portion of their market and profit (Roger, Ogbuehi & Kochunny, 1995: 557-570).

2. ISLAMIC MARKETING MIX

2.1 Product

Islamic production merely takes into the teachings of revelation. Harmful products are goods and services forbidden in Islam. What has been explicitly forbidden in the Quran and *Sunnah* of the Prophet (pbuh) are carrion, pork (Quran, 5: 4) and alcoholic drink (Quran, 2: 219). Many people misunderstand that the forbidding of pork and alcoholic drink is an Islamic evangelism and with the objectives of spreading Islam to the world. This is not right. Al-Quran also forbids gambling and prostitution and the use of interest (Quran, 2: 275) in finance and banking; besides, the blood of animals (Quran, 5: 4) is also not allowed for consumption. These are some of the forbidden things known as non-*halal* products in Islam.

Islam is a way of life and it is a comprehensive way in which the believers accept God as the Creator and obey Him as the mode of his life; a believer must seek His pleasure in all his actions in this world. A believer also understands there is life after this present material existence of his physical body. He believes that there is a good life on the Day of Judgment and Hereafter if he obeys the commands of God and His Prophet (pbuh). Whosoever violates the commands of God and the

¹ Personal interview on 31st January 2012 with Sarifuddin Mahmud, Halal Operation Manager of Nestle Manufacturing (M) Sdn. Bhd.

Prophet (pbuh) would be accountable for eternal punishment in the hell fire (Doi, 1989: 410). This sums up the behaviours of Muslim consumers who abstain from food and drinks forbidden in Islam.

Yet, Islam does not impose the will of the believers on the non-Muslims and there is no bias against non-Muslims. Non-Muslims are allowed to consume goods and services forbidden by Islam and live a way of life different from the Muslims' way (Quran, 109: 6).

However, both consumer behaviours of Muslims and Non-Muslims exist side by side in this world. Product and services both *halal* and non-*halal* are made and sold side by side in our global market. Islam, however, informs us that goods and services must be produced for the welfare and justice of all mankind and not for exploitation. For this, it is vital for us to realize that the production of a good or service for the satisfaction of man has two sides that relate to the objectives. From a producer's perspective, it is usually to evaluate the profit and for many corporations, profit is the sole aim. As a result, human greediness can lead to products which harm our physical bodies. An instance of this is the tragedy that resulted from contaminated milk product of Sanlu Group of China in which six infants were killed, 300,000 babies had kidney problems, 860 were hospitalized while the General Manager Tian was arrested.² This too is against Islam. From the consumer's perspective, the objective is to get satisfaction when consuming the goods or services. There was a newspaper article in Malaysia which reported how a rich man went to a casino for gambling, lost all his money and committed suicide in the end, leaving his wife and children with no one to look after them.³

These two cases are against the objectives of Islam. These are only two examples though. Many cases are reported on a daily basis about the harms of goods consumed. This is such a cruel reality of life. However, there is a socially acceptable way in which Islam indicates how profit should not be the sole and only objective. Greediness to get money through illegal means is forbidden in Islam. Our life is that we are passing through the world. Our life cannot be forever in this world. Thus, we must consider the harmonious existence of all mankind and also create more welfare by making products beneficial for all.

2.2 People

People are the most important creatures of God. They are the producers and the consumers. In other words, in Islam, a human being is both a producer and also a

² Information taken from Xinhua, a Chinese newspaper, 23/9/2008.

³ Information taken from Nanyang Sian Pau, a Malaysian Chinese daily, 28/12/2011.

consumer. In fact, the world survives because man is both producer and consumer and this makes the world progressive day by day. We thank God who created the intelligence of our mind to progress. It is with this that we are able to live in comfortable ease.

However, progress must be balanced with creativity and innovation and understanding of ourselves. We produce and consume, and continue to do so, demanding better and improved goods and services. We have diversified religions, cultures and social way of life. We can witness these in all parts of the world. For this, no one man can be the same as others. We are different in food, clothing, accommodation, religions and thoughts. Islam wants us to understand one another, not to exploit each other as mentioned in the verses:

“Oh mankind, we created man and woman, tribes and nation for us to understand one another” (Quran, 49: 13).

“After that, sure you will die. Then, surely will be resurrected on the Day of Resurrection” (Quran, 23: 15-16).

The two verses from the Quran tell us what we should do as producers and consumers. First, it is God, Who created all mankind in this global world, with diversified languages, colours, religions, cultures and value systems. No corporation can produce excellent goods if they do not understand others. A lingerie producer needs to understand women and their shape; otherwise he cannot produce high-quality lingerie. Mass production of a product requires the understanding of a population, its beliefs and cultures if one intends to produce goods for those people. Especially as a producer, man needs to understand each other.

For a producer and marketer, Islam encourages the pursuit of business activities but not cheating (Abdullah, 2008: 8). For this, the producer and marketer must be accountable for all his goods, based on the following verses from the Quran:

“We shall set up scale of justice for the Day of Judgment, so that not a soul will be dealt with unjustly in the least, and if there be (no more than) the weight of a mustard seed, we will bring it (to account) and enough are we to take account” (Quran, 21: 47).

“Woe to those that deal with fraud (those who give less in measure and weight). And when they have to give by measure or weight to men, give less than due. Do they not think they will be called to account” (Quran, 83: 1-4).

Thus, a Muslim producer or marketer needs to be honest and take full responsibility for all the products he makes. A Muslim entrepreneur is responsible for protecting the interest of his employees, business partners, consumers, suppliers and society at large other than aiming for the main objective of profit making. The entrepreneur is expected to uphold the virtues of justice, magnanimity, co-operation, doing good and evading all wrong-doing, trustworthiness and an attitude of non-retaliation (Saaed, Zafar and Masoosa, 2001: 127-142). The words of the Prophet (pbuh) which became firm reminder are still valid for producers as narrated in the *Sahih Bukhari*. Some of them are synthesized below:

- Avoiding products and services forbidden in Islam (Al-Bukhari, Hadith No: 2015, 158).
- Avoiding doubtful goods (Al-Bukhari, Hadith No: 2055, 161).
- Being honest in buying and selling (Al-Bukhari, Hadith No: 2126, 195).
- Avoiding fraudulent activities (Al-Bukhari, Hadith No: 2117, 191).
- Avoiding any element of speculation (*al-gharar*) (Al-Bukhari, Hadith No: 2143, 203).

In Islam, business affairs should be good models of behaviour, harmonizing human relationship and minimizing abuse and work for the welfare of the society. An Islamic businessman should be truthful, trusted by all, sincere and just (Ahmad, 1991: 29). In fact, the Prophet (pbuh) demonstrated a history of honest trading by demonstrating principles of truthfulness, honesty, just and integrity to maintain the reputation of an Islamic economic man (Afzar ur Rahman, 1975: 10).

As for the Islamic man as a consumer, he just wants to fulfil his needs and his family's, help his children and dependents and provide services to his communities. Thus, if both the marketers or producers and consumers are honest and truthful, both are complementary to each other. One supplies the goods and services; the other consumes the goods and services (Abdullah, 2008: 13).

2.3 Pricing

The welfare of man is one of the objectives of trading in Islam. The price, especially of the essential goods, food and drinks, clothing, and housing determines a just distribution for all the people. Manipulating prices and hoarding

to create a high price are not in line with Islam. Hoarding to make huge profit is not allowed, especially for essential food:

“No one withholds goods till their prices rises but a sinner” (Abu Dawud, Hadith No: 3440, 980).

The charge of interest is also forbidden in Islam. God has prohibited *riba* and made alms-giving fruitful. *Riba* means addition of wealth over the principal amount. The evils of *riba* include, according to Maududi (1984: 20):

- Wealth is accumulated from the poor to the rich and it prevents circulation of wealth in the society. Hence, the welfare of the poor is deprived.
- It encourages only hoarding of money and gives no economic benefits to the nation.
- It is an unlawful act of which the lender consumes the illegal wealth of the borrower.
- It makes the borrowers miserable, and in Malaysia, the hopeless one who could not repay the *riba* with the principal amount frequently commits suicide.

Islam also addresses the issue of monopoly and predatory pricing (dumping). Monopoly is the sole controller of market. This is not allowed as the monopolist can fix any price that he likes and the objective of making sole profit by a monopolist is totally against Islam (Al-Buraey, 1983: 42-43).

Similarly, the dumping of goods at a very low price or predatory price (Schlegelmilch, 1998: 92) to wipe out the competitors are not permitted in Islam. Islam calls for healthy competition. Once Umar Al-Khattab advised Hatib Abi Bal Balta`ah who was selling raisins at a very low price than his counterpart, to raise the price or not to sell in the market (Saeed, Zafar and Masoosa, 2001: 143).

Cheating in the weighting machine to gain more is also forbidden (Quran, 83: 3). Moreover, speculating to push up the price of certain things is forbidden too. Other common mistakes are when the marketer tries to overprice his products by increasing the prices. All these are unethical ways in marketing rejected by Islam.

2.4 Promotion

There are many means of selling goods. All retail and international companies have their strategies of targeting sales. Some firms use advertising as a strategy. Kotler (2008: 422) defines advertising as “any paid form of non-personal

presentation and promotion of ideas or goods or services by an identified corporation or body.” The objective is to accomplish a specific communication task at a certain level with the target audiences in a specific time (Colly, 1961: 23). Advertising objectives are to inform, persuade, remind, or reinforce.

One of the problems of advertising in Malaysia is facts advertised in the newspapers, Internet and television broadcasting may not be true facts. A fruit juice that was said to be rich in vitamin C had been tested but found to contain no vitamin C; yet the company keeps on advertising it. Housing developers giving beautiful leaflets of houses, advertising them in the media and promising that they would be completed within 24 months may not complete the project despite taking the money. There is also beauty-saloon advertising for slimming body which may not be qualified to do so. These kinds of promotions are not ethical and are not allowed in Islam. Promotion incentives to sell with samples and cheaper prices of goods, with refund assurance too are always available but how many are genuine offers (Kotler, 2008: 619). Another criticism is the use of women posing as objects of sexual desires for promoting goods. This is degrading to women and not acceptable in Islam (Al-Ghazali, 1983: 21). In addition to this, promotion of gambling, lottery and games of chance are forbidden in Islam (Quran, 2: 219 and 5: 90).

Mediums of sales of the goods and services include personal selling, direct marketing, multi-level marketing, selling through the Internet and others. Personal selling is personal presentation by a firm’s sales force for the purpose of making sales and building customer relationship (Kotler, 2008: 422). This is a two-way communication between sales personnel and customers, be it face-to-face or through telephone or video conferences. This is an effective means as the sales personnel can probe the customers’ needs and directly negotiate the sales to fit the wants of the customers and conclude the sales (Abdullah, 2008: 19).

Direct marketing is connected to carefully target individual consumers to obtain an immediate response and cultivate direct and lasting customer relationships through the use of mail, telephone, fax, the Internet and other communication tools (Kotler, 2008: 422).

Multi-level marketing is involved with various levels of sales personnel and each level shares a certain portion of the profit. The price of the goods can become very high and the application of new members is a mean to increase sales and profit; sometimes, the sales personnel are involved with getting more members to join the sales force rather than sell the goods. Besides, the prices of the goods can be very high. This is however, banned in Malaysia and Singapore.

In our corporate world today, target on the amount of sales is the main objective of companies when promoting their products. The degree of fault and cheating are unfortunately rampant in our society. Since men are looking to the creed which accepts the foundation of morals including utility or happiness; it holds that actions are right in proportion if they tend to promote happiness, wrong if they tend to produce the reverse of happiness. By happiness it means intended pleasure, and the absence of pain; by unhappiness it refers to pain and the deprivation of pleasure (Hsieh, 2010: 53). The moral aspects of marketing are getting less and less significant when men pursue their goal of marketing. Because of this, some planners in market strategy want to capture the market with bigger share and aim for bigger profits only. Kitchen (2002: 174-184) says, “the managers must reach out to and communicate with customers, consumers and the general public who impact markedly on market share and profit performance.” He adds, “... more, and not less, attention needs to be paid to the parameters of marketing communications.” Kitchen is right in that marketers should understand the specifics of the Muslims’ needs and pay attention to what is *halal* and *haram* in Islam.

Islamic branding is not a brand of well-known goods from Islamic countries. It refers to any brand that seeks to address the needs of Muslim markets, regardless of whether the markets are from Muslim majority nations or Muslim minority nations, also whether the owners of the company are Muslims or not (Temporal, 2001: 1). Undoubtedly, there will be views that it is not good to mix the brand of goods with religion. From the marketing perspective it would be good to know the customers and to provide the goods that they really want. This branding is also not Islamic evangelism but merely selling a good with a brand. It is also to know the cultures and wants of groups of people bound together by common values and practices. Islamic branding and marketing are just means to create the goods wanted by Muslims as consumers (Temporal, 2001: 1).

2.5 Place

The marketing process of distribution from the producer to the consumer must be ethical. The people, equipment, and organization of a business entity with various process starting with providing for customers to place their order and ending with them getting the goods must be transparent and satisfactory to the customers. If transport is used to deliver the goods, then environmental impact must be taken into consideration (Bovee & Thill, 1992: 10). An example is the spill of oil by Exxon in 1989 in Alaska. There is also unsecure use of package designs. This is unfair to buyers and consumers. According to Islam, distribution channels must

add value to its goods, not make it a burden for the buyers (Diya' al-Din, 1983: 15). The distribution from place to place should not cause harm to others but increase value of its product.

In the context of distribution mechanism, there are several ethical issues from the Islamic perspective which include the use of packages without adequate security, inadequate packaging, overloaded cargoes, and transportation of goods which may cause danger to the public, unnecessary delays of delivery and inadequate control which compel customers to return goods. Thus, the role of distribution mechanism is to create value and uplift the standard of living by providing ethical services.

3. CONCLUSION

The Muslim market is a very huge market of about one fifth of the global population. It is a market that should not be neglected and abandoned by any visionary minded businessman. Many case studies reveal that multi-national corporations involved with quality management to produce and market *halal* goods have substantially increased their markets as well as their profits. In Malaysia, several corporations involved with Islamic products have made huge profits. Such examples are Nestle Products, CitiBank of USA and Standard Chartered Bank of UK. Countries are also racing to capitalize on this trend, with a few countries aspiring to become Islamic financial hubs such as Malaysia, Singapore and Hong Kong.

In Brunei, the government signed an agreement with Kerry FSDA Ltd. to form a company known as Ghanim International Food Corporation Sdn. Bhd. The combination of high standards *halal* integrity and Kerry's products and expertise in global marketing has allowed products to be sold globally instead of in Hong Kong only (Temporal, 2001: 29). Consequently, the creation of Brunei Halal Brand is in line with Brunei Darussalam's aggressive efforts to develop a diversified, competitive market.

The ethical approach of Islamic proposition development would reap rewards not only by both Muslims and non-Muslims. Within the Islamic context, the existence of a well-defined framework of ethical values of marketing mix is a pre-requisite in ensuring the actualization of international marketing ethics. Islamic teachings place great emphasis on the welfare of the wider society and that Islam condemns unequivocally all forms of unethical, immoral and other corrupt practices. Manipulating laws and circumstances in order to reap profitable marketing strategies is also condemned as a form of exploitation.

The most essential aspect of Islamic marketing mix as a principle of value-maximization is the core concept of *adl* or justice. *Adl* or justice in Islam constitutes ‘just dealing’ and ‘fair play’ for the wider welfare of the society or the consumers. The principle offers a means to create a healthy business environment which protects both the consumers and producers. It dictates that under no circumstances do the marketers have unbridled liberty to exploit the consumers by way of fraud, deceit and other illicit means. To commit unethical marketing practices is tantamount to injustice and by virtue of the term, it negates the concepts of brotherhood and equality in Islam. After all, the sole aim of Islamic marketing mix is to preserve harmony and provide order in the society so that the rights of consumers and marketers are maintained and upheld.

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