

MODUL OF SESSION 8

“ISLAMIC MARKETING”

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Marketing Definition and Scope

- American Marketing Association (2004) stated that **marketing** is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationship in ways that benefit the organization and its stakeholders.
- **Marketing concept** is a management orientation that focuses on identifying and satisfying consumer needs to ensure the organization's long-term profitability.
- **Marketing plan** is a document that describes the marketing environment, outlines the marketing objectives and strategy, and identifies who will be responsible for carrying out each part of the marketing strategy.
- **Marketing mix** is a combination of the product itself, the price of the product, the place where it is made available, and the activities that introduce it to consumers that creates a desired response among a set of predefined consumers. Components of marketing mix are **product, place, price, promotion** or known as **4 Ps**.



- **Product;** could be goods, services, ideas, person. Also includes design, packaging, physical features, associated services (e.g. free delivery).

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- **Place;** availability of the product to the customer at the desired time and location. Relates to *supply chain*.
- **Price;** the amount the consumer must exchange to receive the offering.
- **Promotion;** inform consumers about their products and encourage potential consumers to buy their products. Takes many forms, e.g. personal selling, TV ads, store coupons, billboards, magazine ads, etc.

Marketing in Islamic Perspective

- **Islamic marketing** can be defined as the process and strategy (*Hikmah*) of fulfilling need through Halal (*Tayyibat*) products and services with the mutual consent and welfare (*Falah*) of both parties i.e. buyers and sellers for the purpose of achieving material and spiritual wellbeing in the world here and the hereafter (Alom and Haque, 2011).
- From its definition, **the core aspects** of Islamic marketing are **strategy (*hikmah*)**, **need, halal (*tayyibat*)**, **mutual consent**, and **welfare (*falah*)**.
- **Strategy (*hikmah*)**; the closest word to it in Islam is *hikmah* (wisdom) emphasizes to be adaptable to the particular situation. Islamic marketing can achieve long term goals in this world and the hereafter by interacting with changing environment, situation and even purifying the beliefs, outlook, morals, habits, customs, social, political, cultural, and economic life (Alom and Haque, 2011).
- **Mutual consent**; based on the statements of the Quran and the Sunnah e.g. An-Nisa:29, Asy-Syura:38. In Islamic marketing, mutual consent means that the exchange must be operated on the free will of buyers and sellers and free of undue pressure, fraud, and deception (Alom and Haque, 2011).
- **Need**; a person should consume according to his need and marketing promotional activities should not be a consumer deception and only for noble purpose by providing information clearly for the benefit of the people.
- **Halal (*tayyibat*)**; only goods that are safe, beneficial, and useful to consumer morally and ethically and are not in conflict with what is forbidden by Islam are recognized as products (Kahf, 1982).
- **Welfare (*falah*)**; business must not solely be directed by profits but also endeavors to uphold and heighten the welfare of human beings (Alom and Haque, 2011).
- There are four **characteristics of Islamic marketing**, of which are **spiritualistic, ethical, realistic**, and **humanistic**.
- **Spiritualistic** is the umbrella of all teachings in Islamic marketing (Arham, 2010). All business conducts must be coherent with the teaching of Al-Quran and sunnah. Islamic marketers must be able to include the spirit of Islam in all aspect of marketing activities, from the planning to after sales service (Sula and Kartajaya, 2006).

- **Ethical;** Islamic marketers must make themselves ready by “purifying” themselves before commencing their marketing activities e.g. companies must train their marketers so that all marketing activities could be done in ethical standard set by Islamic teaching (Ahram, 2010).
- **Realistic;** Islamic marketers should not be so “rigid” in practicing Islamic marketing, for as long as it does not violate Islamic law (Sula and Kartajaya, 2006). Realistic means an opportunity to for being creative where marketer’s ability is being tested in order to create breakthrough.
- **Humanistic;** the consequence of humanistic aspect is one should be able to distant oneself with inhumane desire such as greed (Sula and Kartajaya, 2006). Humanistic in marketing could be implied by maintaining a *sustainable marketing*, balance between market demand and environmental preservation (Kotler and Armstrong, 2010).
- According to Arham (2010), **the objectives of Islamic marketing** are:
 - To bring forward marketing theory to a new realm, whereby modern marketing theory interrelates with Islamic teaching.
 - Islamic marketing should be able to take part in realizing social justice.
- The objectives can be implemented through **17 Principles of Islamic Marketing** (Sula and Kartajaya, 2006).

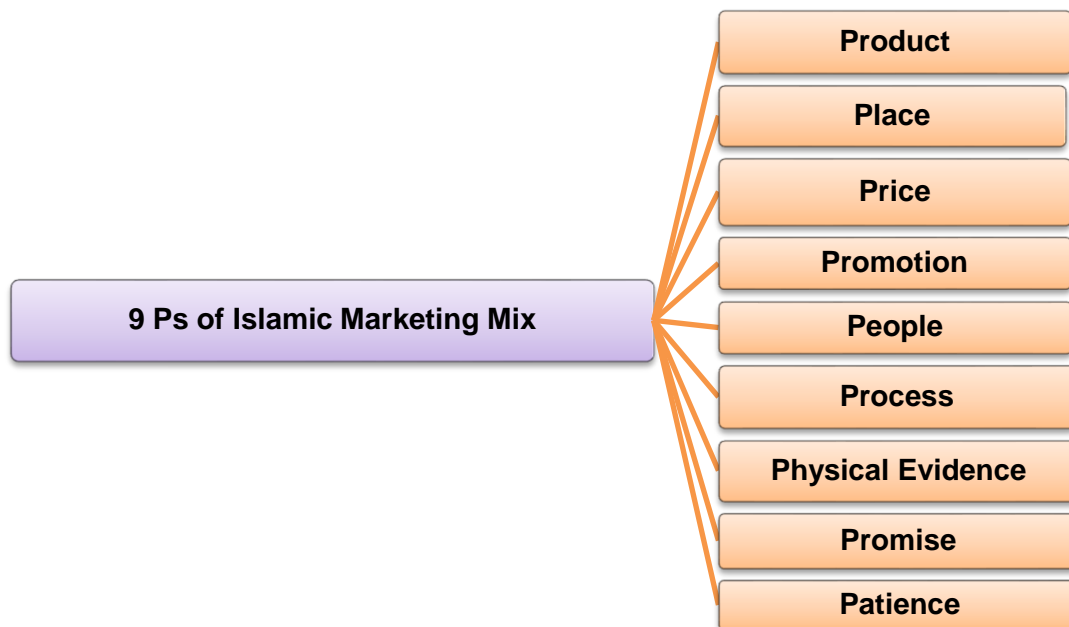
Category	Principles
Landscape of Islamic Marketing	<ul style="list-style-type: none"> • Information technology allows us to be transparent (change) • Be respectful to your competitors (competitor) • The emergence of customers global paradox (customers) • Develop a spiritual-based organization (company)
Elements of Strategic Business Architectures	<ul style="list-style-type: none"> • View market universally (segmentation) • Target customer’s heart and soul (targeting) • Build a belief system (positioning) • Differ yourself with a good package of content and context (differentiation) • Be honest with your 4 Ps (marketing mix) • Practice a relationship based selling (selling) • Use a spiritual brand character (brand) • Services should have the ability to transform (service) • Practice a reliable business process (process)
Sharia Scorecard	<ul style="list-style-type: none"> • Create value to your stakeholders (scorecard)
Sharia Marketing Enterprise	<ul style="list-style-type: none"> • Create a noble cause (inspiration) • Develop an ethical corporate culture (culture) • Measurement must be clear and transparent (institution)

- **Fundamental elements of Islamic marketing strategy** consist of five aspects, of which are **segmentation, targeting, positioning, sharia marketing tactics, and sharia marketing value**.
- **Segmentation** in market could be done through mental process of identification (Arham, 2010). Prophet Muhammad (PBUH) utilized multiple types of segmentation during conducted his business, such as geographic, demographic, and lifestyle.
- **Targeting** requires some evaluations of the various segments available to know which segments can be served well. Companies also could implement *differential marketing* where companies create several different products for different segments (Kotler and Armstrong, 2010).
- **Positioning**; Islam urges the marketers to apply **total positioning**, in which Prophet Muhammad (PBUH) had done before. Total positioning means that not only the products we sold, but also the way we sold them (Arham, 2010).
- **Sharia marketing tactics** are divided into three parts.
 - **Differentiation**; differentiation done by Prophet Muhammad (PBUH) was his moral obligation to tell every customer the weak point of his products (Al-Fatih, 2009). Put more emphasis on differentiation based on the sellers' merit rather than solely rely on the products (Arham, 2010).
 - **Designing Marketing Mix**; marketing mix done by Prophet Muhammad (PBUH) emphasized on mutual relationship between Prophet Muhammad and his customers. Overall, Islam teaches its followers to present an agreement in the process of buying and selling (Arham, 2010).
 - **Selling**; Islam puts special attention to total customer satisfaction (Arham, 2010).
- **Sharia marketing value** has a specific emphasis on **brand, service and process**. According Sula and Kartajaya (2006) the appearance of a brand presents the total service that companies offer, starting from product purchase to after sales service.

Marketing Mix in Islam

According to Abuznaid (2012), Islamic marketing mix is the **9 Ps** which consists of:

1. **Product**; Al-Faruqi (1992) stated that production process in Islam is a part of worship. According to Al-Masri (1991), production decision making process in Islam is guided by the principles of lawfulness, purity, existence, deliverability, and precise determination. Abuznaid (2012) explains the criterions of the products in Islam as follows:
 - Must not cause any harm or dullness to the mind
 - Must be asset backed and deliverable
 - Must identify extra-cost added features that might materially change the product or service impact on the buyers' purchase decision.



2. **Place;** according to Islamic principles, distribution channels are not supposed to create a burden to the final customer, in terms of higher prices and delays. Final aim of distribution in Islam is to create value and to provide *ethically* satisfactory products and services (Abuznaid, 2012).
3. **Price;** pricing policies should be free from predatory pricing. Changes in price also should be consistent with changes in the quantity or quality of product. Islam prohibits false propaganda or publicity with regard to price, demand, and supply (Abuznaid, 2012).
4. **Promotion;** Over praise a product or service or exaggerate about them is not permissible. Muslims should avoid delivering false and misleading advertising or deceptive and manipulative promotion (Abuznaid, 2012). Islamic ethics prohibits stereotyping of women in advertising, excessive use of fantasy, the use of suggestive language and behavior, and the use of women as objects to lure and attract customers (Erffmeyer et al., 1993; Beekun, 1981; Razzouk, 1993).
5. **People;** emphasizing the importance of “free” and “independent judgment” on the part of the customer (Abuznaid, 2012). Marketers must show a sense of responsibility towards God, society, environment, and respect of marketers’ own welfare (Saeed and others, 2001).
6. **Process;** marketers must have some basic values such as honesty, responsibility, fairness, respect, openness, and citizenship. Marketers also should be trustworthy and give good advice to the customers as well as embrace, communicate, and practice the fundamental ethical values that will improve consumer confidence in the integrity of the marketing exchange system (Abuznaid, 2012)
7. **Physical Evidence;** implicit element which means the ability and environment in which the service is delivered. Fall into 3 categories: **facility exterior, facility interior, other**

tangibles. In Islamic MM: **no** gambling halls, discos, pornographic TV channels as modest atmosphere and non-mixed facilities could encourage customers to become more loyal (Abuznaid, 2012).

8. **Promise;** purely an Islamic element of marketing mix and must be mutually given and maintained. Marketers should not give faked promises and any promises given to customers must be kept and honored (Abuznaid, 2012).
9. **Patience;** a key characteristic of good communication and Islam urges people to be patient in dealing with customers (Abuznaid, 2012).

Promotion Mix in Islam

1. **Promotion mix** is a specific combination of promotional methods used for one product or a family of products.
2. **Elements of promotion mix** are print or broadcast advertising, direct marketing, personal selling, sales promotion, public relations, games and contests, etc.
3. According to Anwar and Saeed (1996), since the ultimate aim of all promotional tools is to enhance trading, activities like advertising, PR, sales promotions, and contests are Islamic if they are consistent with Islamic principles and injunctions.
4. All promotion mix in Islamic marketing have to be complying with the Islamic values and law.
5. Aspects in **advertising** that complies with Islamic values and law according to Anwar and Saeed (1996) are:
 - a. **Truthfulness:** Accurate and truly representative, NO false or misleading aspects.
 - b. **Spending Behavior:** NO overspending on promotional activities and neither generates nor stimulates extravagant spending among consumers.
 - c. **Halal-Haram Criteria:** Promoting what is halal and tayyib, and appropriate to a moderate lifestyle, NO promoting haram products.
 - d. **Publication Ethics:** NO advertisements of products that raise sensitive and controversial issues, or which encourage vulgarity.
6. **Human Dignity:** NO advertisements humiliating certain racial and ethnic groups by exploiting stereotypes.
7. **Public relations;** public relations activities ought to be encouraged under Islamic marketing as they lay emphasis not only upon corporate and financial relations, but also upon community relations (Anwar and Saeed, 1996).
8. **Sales promotions;** all types of sales promotion tools designed in the spirit of *sadaqah* (contribution for social welfare) and distribution of gifts to the people are commendable (Anwar and Saeed, 1996).
9. **Games and contests;** would be permissible as long as it does not resemble gambling.
10. **Personal selling;** required to advise consumers to do good things and to refrain from bad ones (Anwar and Saeed, 1996).

References

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