



# Halal by the Beach!

## How Muslim Tourists are Reshaping the Global Tourism Industry and Enhancing Hospitality Technologies

The essay, "Halal by the Beach!", by EMBA students **Yulia Belopilskaya**, **Chayanon Visutthithada**, and **Thomas Wieser**, was based on an assignment for an EHL course, *Economics of Travel, Tourism and Lodging*, given by Assistant Professor Yong Chen in 2017. Students were required to select an appropriate economic concept, model or theory that can illustrate or explain a phenomenon or practical problem in the industry.

Halal tourism has become a firmly established subcategory in the tourism industry and is a fast growing market sector, both in the countries where Muslims represent the majority of the population and in the “non-Muslim” countries as well. To satisfy the growing demands of the Muslim tourists seeking destinations and experiences that meet their specific needs, new initiatives have emerged on the supply side of the halal tourism market, steered by various technological innovations.

So, what is halal industry and why is it booming? Let’s first look at the numbers.

**According to Thomson Reuters, in 2015, Muslim travelers spent US\$ 151 billion globally.** This excludes the spending during religious pilgrimages to Mecca.

- The Muslim travel sector ranks second in the global travel spending, straight after the Chinese market (US\$ 168 billion spending).
- The revenues derived from the so-called “Muslim-friendly” tourism industry were estimated in 2015 at US\$ 24 billion.<sup>1</sup>
- The [“Global Muslim Travel Index 2017” report \(GMTI\)](#) forecasts that the spending in the global Muslim travel segment will increase up to US\$ 220 billion by 2020.
- This forecast also estimates the worldwide number of Muslim travelers to grow from 121 million (in 2016) to 156 million by 2020.<sup>2</sup>

**From a demand and supply perspective, this trend is growing hand in hand.**

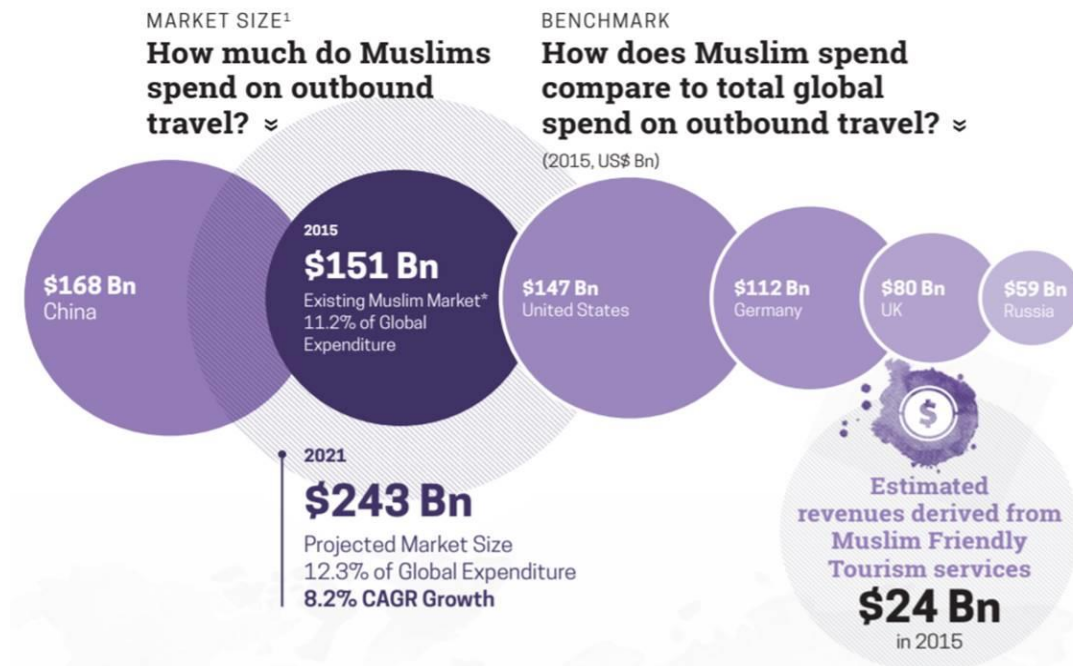
- On one hand, Muslim travelers are increasingly seeking destinations with products and services that meet their halal-specific needs.
- On the other hand, tourism suppliers have recognized the opportunities of attracting the second biggest spending travel market.
- As a result, significant efforts are being made towards the development and innovation of halal tourism.

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<sup>1</sup> “State of the Global Islamic Economy Report 2016/17” by Thomson Reuters. 81, 82

<sup>2</sup> Mastercard & Crescentrating. (2017). Global Muslim Travel Index 2017. 3

## Comparison of Muslim Travel Market Size<sup>1</sup>



## What is Halal Tourism?

The term “halal” is translated from Arabic as “*permissible*” and refers to any product or activity that is lawful or allowed in accordance with the Islamic teaching (Sharia law). “Halal” is primarily associated with foods and beverages which are prohibited for Muslims, such as alcohol, pork, and any meat/poultry produced in violation of animal slaughter rules. However, for a dedicated Muslim, “halal” is not only limited to food and beverages, but also covers all aspects of everyday life. Beliefs and rituals include reading the Quran, praying regularly, complying with modest dress code for women, and avoiding vicious places (like casinos and nightclubs) and places with excessive nudity (like beaches).

Muslims travelling to other destinations, especially in the non-Muslim countries, have had to put up with surrounding environments that do not necessarily meet halal standards. However, with the increasing buying power and growing sensitivity towards the compliance with the Islamic law, a new trend for halal tourism has begun. Tourism and hospitality suppliers around the world have started to meet such demands by creating Muslim holidays that cater to the halal experience.

**Dr. Mohamed Battour, an expert in halal tourism, defines halal tourism as “any tourism object or action which is permissible according to Islamic teaching to use or engage by Muslims in tourism industry.”<sup>3</sup>**

Basically, any tourism product or activity, regardless of its location, qualifies as halal tourism if it specifically focuses on the Muslim travelers and follows the Islamic law. Dr. Battour emphasizes that the travel purpose of the Muslim travelers does not necessarily have to be religious, but can be “any of the general motivations of tourism.”

**Today, we see a wide scope of supply offers and initiatives in the halal tourism market sector. Such supplies range from setting up prayer rooms at airports and major touristic venues to launching special halal ship cruises. The launch of “Muslim-friendly” hotels and resorts have also been established. Such hotels offer halal food, serve no alcohol, and are equipped with praying facilities. Some hotels go as far as providing separate swimming pools, spa, and even separating beaches for men and women.**

[The 2017 GMTI Report](#) mentions several factors that shape the increased demand in halal tourism. **These factors include the growth of the Muslim population compared to other religious groups, growth of the economies of the OIC countries (Organization of the Islamic Conference), continued growth of the middle class and their disposable income, increase in number of business travels amongst Muslims, and how Muslims have the biggest number of millennials amongst all other religious groups.<sup>4</sup>**

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<sup>3</sup> “Halal tourism: Concepts, practices, challenges and future” by Mohamed Battour, Mohd Nazari Ismail, published at “Tourism Management Perspectives” journal, 2015 Elsevier Ltd.; Retrieved October 16, 2017, from URL <https://webcache.googleusercontent.com/search?q=cache:KGxYW8MeXCwJ:https://www.researchgate.net/file.PostFileLoader.html%3Fid%3D574370c4f7b67eda317bfd79%26assetKey%3DAS%253A365014188871684%25401464037572782+&cd=2&hl=en&ct=clnk&gl=ch>

<sup>4</sup> Mastercard & Crescentrating. (2017). Global Muslim Travel Index 2017. 3.

# Where are Muslim Tourists Traveling to?

With the push factors discussed above, it is also important to understand the pull factors that attract a halal tourist to a particular destination.

**The increase in outbound halal tourism will continue to be driven by destinations that provide halal-oriented accommodation and services, where the most important pull factors can be categorized into three segments: family-friendly facilities, Muslim-friendly services, and halal awareness.**

**Among OIC countries, Malaysia is a top supplier of halal travel products and services.** With Muslims comprising the majority of its population, Malaysia was amongst the first countries to realize the potential of the rapidly upcoming demand for Muslim-friendly tourism. Currently, most of Malaysia's major hotels and restaurants are equipped with the facilities to satisfy specific halal needs.

**United Arab Emirates (UAE)**, which is now ranked second after Malaysia in terms of the Muslim-friendliness amongst OIC countries, **anticipates a further growth in the spending for halal tourism.** Some of the leading hospitality brands specializing exclusively on the Sharia-compliant hospitality, such as [Shaza](#), [Al Jannah](#) and [R Hotels](#), have opened their hotels in UAE and have continued substantial investments in this market. Interestingly, according to the Vice President of Development at Shaza Hotels, it was difficult at first to persuade institutional investors to invest into the luxury Muslim-friendly hotels, as some did not believe that a hotel not serving any alcohol would be profitable. Now, however, this UAE-based luxury hotel operator envisages an aggressive expansion throughout the Middle East.<sup>5</sup>

**Outside OIC countries, take Thailand for example, ranks second place on the GMTI scale despite being a dominantly Buddhist country<sup>6</sup>.** In an article published by the Government Public Relations Department of Thailand, the majority of Muslim travelers are coming in from Indonesia due to their love of Thai

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<sup>5</sup> Heba Hashem (2016, 15 May). INTERVIEW-Shaza Hotels to expand aggressively across GCC, eyes Iran, Retrieved October 16, 2017, from URL [https://www.salaamgateway.com/en/story/interviewshaza\\_hotels\\_to\\_expand\\_aggressively\\_across\\_gcc\\_eyes\\_iran\\_-salaam15052016102254/](https://www.salaamgateway.com/en/story/interviewshaza_hotels_to_expand_aggressively_across_gcc_eyes_iran_-salaam15052016102254/)

<sup>6</sup> Mastercard & Crescentrating. (2017). Global Muslim Travel Index 2017. 15.

food and affordable forms of tourism<sup>7</sup>. However, Thailand aims to capture Muslim tourists from not just their neighboring countries, but from afar as well.

In 2015, the first halal hotel was launched in order to cater to the growing market of Middle Eastern visitors. The general manager of the four-star hotel [Al Meroz](#) stated, “There are 1.6 billion Muslims in the world. It’s a huge market,” but according to industry statistics, “only about 658,000 [that came to Thailand] were from the Middle East.”<sup>8</sup> The hotel’s strategy to specialize in halal requirements and being strategically located near the Islamic Centre will allow it to capture this growing market. This is viewed as an outreach from Thailand to invite halal tourists into the country by presenting them with the comfort they seek in a Muslim holiday.

**Shifting to the European continent, the United Kingdom ranks third place on the GMTI among non-OIC countries.** Muslim visitors account for “6.6 percent of total visitors arrived in the U.K.” and it is estimated that their spending will total US\$ 4.1 billion by 2020<sup>9</sup>. A main reason is that halal dietary requirements are met in major cities such as London. Muslim travelers are able to dine in restaurants that are either halal certified or Muslim owned. Prayer facilities for men and women are accessible and prominent mosques are present. In London alone, there are more than 300 mosques.

However, the recent terrorism events on the London Bridge and Borough market have caused a spike in the number of Islamophobic attacks. In Manchester for instance, the number of attacks increased “fivefold in the week after the concert bombing, with 139 incidents reported.”<sup>10</sup> Religious sites have even been attacked, when a British van driver crashed into Muslim worshippers at the Finsbury Park Mosque. These hate crimes raise the safety concerns for the Muslim community and challenge the attractiveness of halal tourism for the United Kingdom. From 2018 onwards, it will be interesting to see how the tourism attractiveness is

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<sup>7</sup> Great Opportunities for Thailand to Attract Muslim Tourists in AEC. Retrieved October 16, 2017, from URL [http://thailand.prd.go.th/mobile\\_detail.php?cid=5&nid=596](http://thailand.prd.go.th/mobile_detail.php?cid=5&nid=596)

<sup>8</sup> Reuters staff. Thailand's first halal hotel hopes to help boost Muslim arrivals. Retrieved October 16, 2017, from URL <http://uk.reuters.com/article/us-thailand-hotel-halal/thailands-first-halal-hotel-hopes-to-help-boost-muslim-arrivals-idUKKCN1150GB>

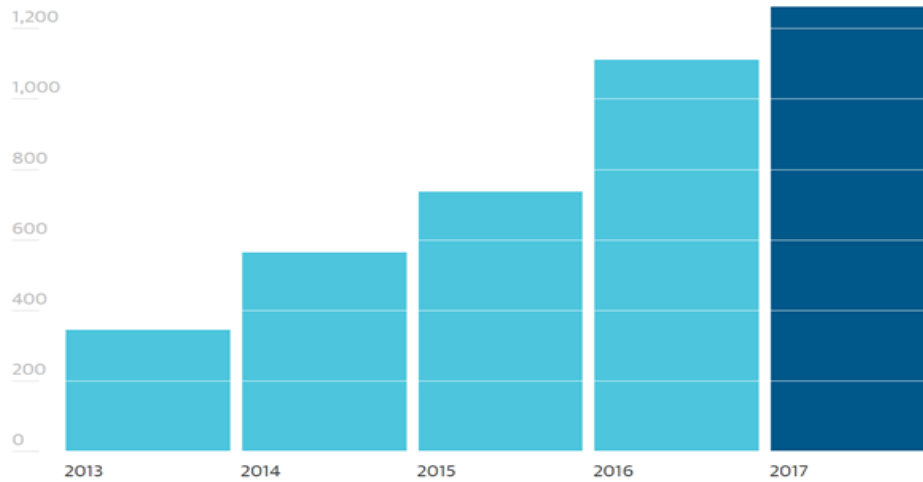
<sup>9</sup> Malik, Y. (2016, April 19). Muslim-friendly tourism gaining market share in UK’s \$32 billion travel industry. Retrieved October 16, 2017 from URL [https://www.salaamgateway.com/en/story/muslimfriendly\\_tourism\\_gaining\\_market\\_share\\_in\\_uks\\_32\\_billion\\_travel\\_industry-salaam19042016062137/](https://www.salaamgateway.com/en/story/muslimfriendly_tourism_gaining_market_share_in_uks_32_billion_travel_industry-salaam19042016062137/)

<sup>10</sup> Travis, A. Anti-Muslim hate crime surges after Manchester and London Bridge attacks. Retrieved October 16, 2017, from URL <https://www.theguardian.com/society/2017/jun/20/anti-muslim-hate-surges-after-manchester-and-london-bridge-attacks>

affected by terrorism, as the United Kingdom has steadily ranked third place over the past two years.

### *Rise in Islamophobic Hate Crimes in the United Kingdom<sup>10</sup>*

**London's Met police recorded 1,260 incidents of Islamophobic hate crime in the 12 months to March 2017**



Guardian graphic | Source: The Mayor's Office for Policing And Crime, Home Office. 12 months to March in year shown

Combining the push and pull factors, it is important for the travel and hospitality industry to adapt to the changing halal environments.

**On the demand side, Muslim travelers seek the comfort and ease of access to halal facilities, from food services to prayer rooms. On the supply side, in order to appeal to this growing market, hotels will need to decide on the level of halal-friendliness they want to capture.**

[Crescentrating](#), a travel consultancy specializing in halal requirements, states that the basic requirement that needs to be met is the availability of halal food. In relation to the GMTI scale, the degree of attractiveness of a destination increases with the additions of prayer facilities, Muslim friendly washrooms, and Ramadan services.

As halal tourism continues to grow, businesses have an opportunity to increase their revenues. Apart from hotels meeting halal requirements, airports, especially in the non-OIC countries, should also plan how they can accommodate Muslim travelers. Although

many airports have taken the lead in providing halal food and prayer rooms, many still struggle in providing the appropriate ablution facilities. This is a loss in potential revenue because Muslim travelers will prefer picking a route that satisfies their convenience. By providing a better halal experience during travel and higher comfort at the destination, the foundations for growth have been planted for countries who are following this trend.

## How Technology is Shaping the Future

**The current technological trends play a positive role in the development of halal tourism.**

While a non-Muslim may trust in “traditional” travel apps such as booking.com or TripAdvisor, there are currently new choices in the online travel market that address a particular ethnic or religious group.

**Muslim-friendly online booking platforms such as [Halalbooking.com](http://Halalbooking.com) benefit greatly from the fast-growing halal travel market.** Launched in 2009, the London based online marketplace for halal tourist accommodation expects to reach at least £ 1 billion in revenue. Although an average 15 percent commission fee is charged to companies per transaction, the benefits of the market reach to halal tourists outweigh the costs. With a forecast of more than one million users by 2021, Co-founder and Chairman, *Elnur Seyidli*, aims to provide advertising space to halal-focused brands. Hospitality and travel companies can capitalize on this opportunity by increasing their online outreach.<sup>11</sup>

**In addition to the traditional online travel agency websites, peer-to-peer platforms have also arisen.** For example on [bookhalalhomes.com](http://bookhalalhomes.com), Muslims are able to rent out their spaces to the halal community. *Bookhalalhomes* has successfully established itself as the world’s leading sharing economy platform for halal accommodation rental.<sup>12</sup> This website differentiates itself from Airbnb by guaranteeing their consumers halal certified services. The comfort of knowing that

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<sup>11</sup> Buller, A. (2016, December 20). HalalBooking catches Muslim-friendly travel wave. *The National AE*. Retrieved October 16, 2017. from [thenational.ae/business/travel-and-tourism/halalbooking-catches-muslim-friendly-travel-wave-1.201029](http://thenational.ae/business/travel-and-tourism/halalbooking-catches-muslim-friendly-travel-wave-1.201029)

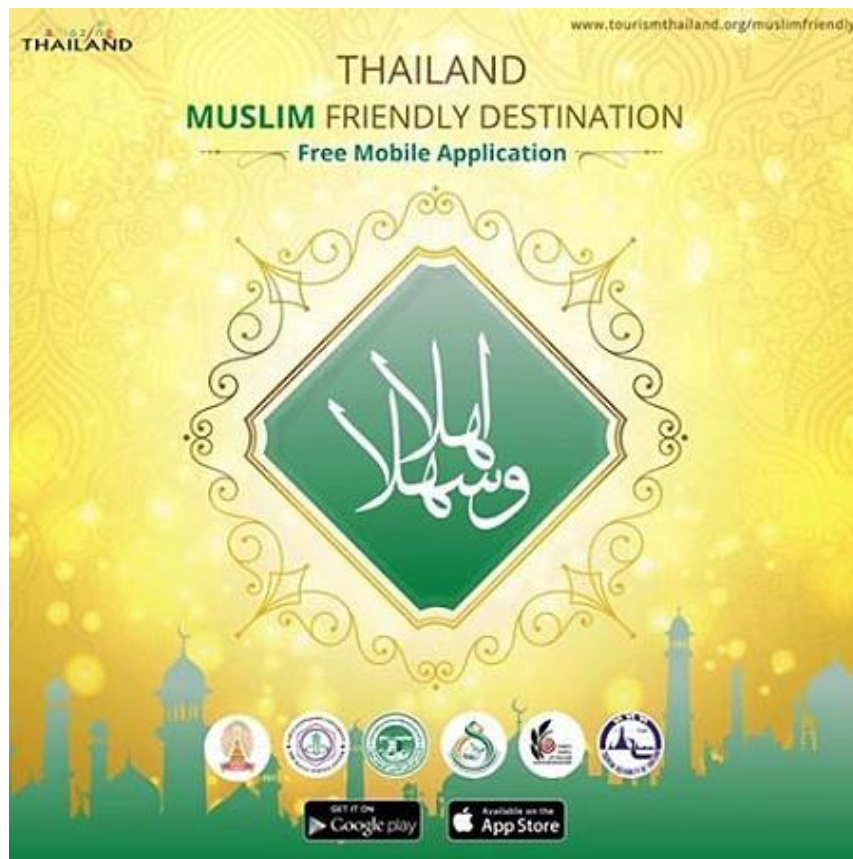
<sup>12</sup> Malik, Y. (2016, October 17). Halal online travel booking sites gaining online investor confidence in high-growth Muslim tourist market. *Salaam Gateway*. Retrieved October 16, 2017. from [salaamgateway.com/en/story/halal\\_online\\_travel\\_booking\\_sites\\_gaining\\_investor\\_confidence\\_in\\_highgrowth\\_muslim\\_tourism\\_market-salaam17102016083343/](http://salaamgateway.com/en/story/halal_online_travel_booking_sites_gaining_investor_confidence_in_highgrowth_muslim_tourism_market-salaam17102016083343/)



halal food and allocated prayer rooms will be present upon arrival makes this attractive to the Muslim market.<sup>13</sup>

**Two years ago, the Tourism Authority of Thailand launched a smartphone app that allows Halal tourists to search for halal products and services more conveniently.** The free of charge app, which is available on Apple's and Android's app-stores, provides information on prayer times, shopping centers equipped with prayer rooms, halal food options, and suitable sightseeing tours. Halal tourists can utilize GPS to navigate themselves to the halal certified destinations. In big cities such as Bangkok, this app becomes a vacation guidebook for Muslims on holiday. These initiatives allow cities to become more competitive in the market.<sup>14</sup>

#### ***Thai smartphone app for Muslim Travel<sup>14</sup>***



<sup>13</sup> CASE STUDY- "Muslim Airbnb" Bookhalalhomes advances to phase 2 after June launch. Retrieved October 16, 2017. from Salaamgateway: [salaamgateway.com/en/story/case\\_study\\_muslim\\_airbnb\\_bookhalalhomes\\_advances\\_to\\_phase\\_2\\_after\\_june\\_launch-SALAAM10072016071815/](http://salaamgateway.com/en/story/case_study_muslim_airbnb_bookhalalhomes_advances_to_phase_2_after_june_launch-SALAAM10072016071815/)

<sup>14</sup> Sawitta, A. (2015, June 20). Thailand launches Muslim friendly tourist app. *Reuters*. Retrieved October 16, from <http://uk.reuters.com/article/us-thailand-tourism/thailand-launches-muslim-friendly-tourist-app-idUKKCN0P918F20150629>

**HalalTrip** is another smartphone app that offers halal-related information in more than 65 destinations worldwide. In addition to restaurants, shopping centers, and mosque directions, the app provides important functions such as a compass to indicate which direction to face towards Mecca when praying and a Salah time calculator to not miss the right praying times in any time-zone all over the world. While these services are mostly free of charge, *HalalTrip* generates its revenue by selling tour packages related to the particular destination. *HalalTrip* CEO, *Fazal Bahardeen*, explained the demand for their online sales of halal-tours in the following way:

***“The Muslim consumers are looking to explore new destinations and experience different cultures across the world which is why we have launched these tailored packages that cater for every occasion together with satisfying needs such as Halal food and prayer facilities...Whether it is experiencing Great White Sharks in South Africa, taking some culture and history in Spain, honeymooning in Maldives or shopping in Dubai, we have something for every [halal’s] need.”<sup>15</sup>***

Compared to established western online travel companies, the development of e-commerce for halal tourism is still in its infancy. Despite this, the growing halal tourism is a market that needs to be served. By responding to the increasing demand for halal-friendliness in destinations around the world, technology will continue to shape the growth of the halal tourism sector by allowing suppliers the ability to provide greater communication and show the Muslim market that they are indeed aware of halal needs.

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<sup>15</sup> “HalalTrip” Muslim-friendly travel platform heads to 65 hotspots. (2016, January 13). Retrieved October 16, 2017. from Al Arabiya English: <http://english.alarabiya.net/en/life-style/travel-and-tourism/2016/01/13/-HalalTrip-Muslim-friendly-tour-packages-heads-to-65-destinations-.html>

# How Innovation Affects Demand

**Muslim tourists are definitely some of the most important customers in the travel market.** Not only because of reaching **US\$ 220 billions in spending by 2020** and being the fastest growing religion in the world, but also of the potential in offering additional services and products to meet halal-specific needs. With the supply adapting its most important pull factors, such as family-friendly facilities, Muslim-friendly services, and halal awareness, the push factors provide the readiness of continued outbound halal tourism. Where safety concerns and basic halal requirements are met, Muslim travel will continue to grow.

Technology plays the role of the accelerator for innovation and rewards those players in the market who have a sympathetic ear for customer needs. For the halal market, it appears that these tech-entrepreneurs have established a first mover advantage. As the world becomes more globalized, it will only be a matter of time until the big western OTA companies try to enter or even take-over this promising market.