THE DIFFERENCES BETWEEN ISLAMIC MARKETING AND CONVENTIONAL MARKETING: A REVIEW OF THE LITERATURE

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ABSTRACT

For company to achieve competitive advantage in the industry, they need to understand their customers' need, wants and demands. The customer knowledge will help company to capture customers' lifetime value and greater share of customers by designing want-satisfying market offering. Marketing could help company to work and survive in this complex, changing and turbulent environment. Basically, the main objective of marketing is to maintain customer satisfaction and at the same time help companies to create profits.

Muslim consumers prefer to purchase and obtain Islamic goods and services. Some companies are struggling to attract the Muslim market and used Halal logo to inform that their products are Islamic products. However, some cases made people to rethink on the reliable of that Halal logo. Not only the issues of halal logo but some marketing strategies like advertising used by some companies might not suit Muslim consumers.

This paper aimed to provide a preliminary insight into the Islamic marketing. It reviews several studies, articles, books and places particular emphasis on the differences between Islamic and conventional marketing. These differences review is necessary for all parties including companies, consumers and other stakeholders in order to evaluate the possible implications of Islamic marketing for businesses as well as human daily lives.

Keywords: Differences, Islamic marketing, Conventional marketing
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1. INTRODUCTION

People who open a business always presume a great success in their business. The efforts of marketers to understand the mind set of consumers contribute to the success of the business. One of the most important areas in the success of companies is marketing. Marketing involves the ability of the business to understand its target market and communicate its products and activities to stakeholders like buyers, sellers, business partners, and society. Basically, the function of marketing is to identify the current and potential customers, creates products or services that meet the needs and wants of customers, informs and persuades the customers to purchase the products or services, and reinforces the customers' confidence in the purchase that customers made. With marketing, companies are required to keep update with all the latest businesses trends to keep up with the competition. They need to move a lot closer to the customers.

The tremendous increasing to the market for halal products contribute to the development of Islamic marketing. Most companies struggle themselves to satisfy their Muslim customers who prefer Halal products (Mahmood, 2012). However, some non-Muslim companies that engaged with Muslim market misunderstood or could not really understand on the meaning

of Halal. Some of them might think of using Halal logo just to inform Muslim customers that their products or services are permissible but the question here is *"are the halal claims made by the manufacturers reliable?"* (Zainal Abidin, 2008).

This paper reviews the basic knowledge of Islamic marketing. It provides a preliminary insights towards the differences between Islamic and conventional marketing. The understanding of these differences is necessary in order to help the companies, customers and other stakeholders to evaluate the possible implications of the acceptance of Islamic marketing. Through the products and services differentiation among many companies, it is expecting that Muslim companies can compete in the market. At the same time increase confidence to Muslim customers in purchasing Halal goods and services. In other words to build trust among Muslim customers towards halal products and services.

2. PROBLEM STATEMENT

Businesses mostly rely on customers to keep themselves survive and success, however, one of the most difficult tasks the business people face is trying to attract those customers. It can be very challenging for the organization to maintain customer satisfaction (Carson, 2008). Oppositely, as a consumer, it is becoming so problematic for Muslim to purchase goods and services. When there are many choices of brands for Muslim market and each brand is fighting each other to capture Muslim customers, some manufacturers and marketers might misuse Halal logo (Saeed et al, 2013). There are many cases reported by the press about dealers who misused the logo, the halal certification that has expired and even company who never obtained a halal certificate but used a fake certificate (Mustafa and Azlin, 2014). Therefore, something need to be done to increase the understanding of non-Muslim manufacturers on the meaning of Halal and the right practices of marketing that comply with Islamic principles.

In addition, it was so surprising when Paul Temporal (2011) said that the differences between Islamic marketing and conventional marketing has not been written extensively and the difficulties in finding literatures on these topics indicated that these field was not widely explored (Ahmad, 2013). Based on this statements, this paper attempt to explore the marketing aspect in general and provide the preliminary insight on the differences between Islamic and conventional marketing through several previous studies and articles. There is a need to fully explore Islamic marketing since it brings a very good potential for the companies in the future.

3. OBJECTIVE OF THE STUDY

This paper is designed to answer the question of what are the differences between Islamic and conventional marketing. This paper attempts to explore the differences between Islamic marketing and conventional marketing in terms of definitions, objectives, and its concepts in general. In order to accomplish the objective, previous studies, articles and books are reviewed. The intention is to provide better understanding on the differences and therefore will establish a strong believe on the essential of Islamic marketing among Muslim market. At the same time secure the confidence of Muslim customers in purchasing halal products. In addition, due to lack of extensive research on the Islamic marketing (Saeed et al, 2013), this paper also aims to provide a preliminary insight into the Islamic marketing.

4. LITERATURE REVIEWS

The ultimate goal of marketing is to create exchanges that will satisfy and benefit both customer and organization. Besides maintaining the level of customer satisfaction, marketing will also help companies to create a profit. Customer satisfaction is the positive emotional state reached by a customer after purchasing a product or service. According to Carson (2008), "the better the companies understand their customers, the more likely they gain loyal customers, address any potential issues before they are tempted to defect and effectively attract and keep potential customers". All companies struggle themselves to satisfy their customer by offering better deals, lower prices, better quality, new products and greater choices and this competition benefits customers (Hunt et al, 2006). One of the most effective tools to reach the target market is marketing strategy (Hejase, et al. 2012) and organization utilize marketing tools to satisfy customers' needs (Armstrong and Kotler (2011). Companies can produce efficiently and effectively a market offering for some segments with marketing (Hunt et al, 2006).

4.1 The Evolution of Marketing

The marketing concept is always evolving. Marketing has shifted from the exchange of tangible goods to the exchange of intangibles, specialized skills and knowledge, and processes. The evolution of marketing philosophies drove the most companies' marketing practices all over the world (Zahir, 2012). This evolution began with the earlier marketing orientation namely the production, product and selling orientations. Then, most companies try to satisfy their customer's needs along with the well-being of the whole society (Khalidah & Yusniza, 2009). Since that, the previous philosophies have shifted to marketing and societal marketing concept.

During the production orientation, the focus was on expanding production. The companies specializes in producing as much as possible of a given product or services (Wikipedia, 2014). Around the time of production orientation, there was a situation where companies concentrated to make a bigger, better or faster products. This was called as the product orientation where companies concerned with the quality of its own product (Wikipedia, 2014). However, the creation of those product was without acknowledging the customers' needs. Once production expanded, consumers had greater choices, when product availability exceeds demand (Solomon et al, 2012), selling orientation was adopted to persuade more customers (Zahir, 2012). The focus primarily on the selling and promotion of a particular product and again without determining the consumers desires (Wikipedia). In the late 1920s, companies realized that in order to attract more customers, they need to have more than just the efficient production and pushing sales (Khalidah & Yusniza, 2009). The focus should be on customers. Companies should create exchanges to satisfy consumers' needs, wants and desires. Companies should apply the concept of marketing and supply products that suit their customers. (Zahir, 2012).

The concept of marketing was enhanced, companies started to consider not only the customers' needs, but also the company's requirements for profitability as well as the society's long term interests. Then societal marketing concept was introduced in which the idea was based on the corporate social responsibility. The corporate social responsibility concern on fulfilling societal goals. Companies can optimize profits by gratifying customers' satisfaction, happiness and wellbeing (Zahir; Solomon et al, 2012).

In Wikipedia (2014) supported by Khalidah and Yusniza (2009), explained about the holistic marketing concept. It is a relatively new marketing concept that recognizes everything in marketing including the customers, employees, other companies, competitors as well as society as a whole. There are four components that characterized holistic marketing, namely, relationship marketing, integrated marketing, internal marketing and socially responsive marketing. In relationship marketing the focus is on building long-term relationship with the key parties like customers, suppliers and other marketing partners. In integrated marketing, marketers utilize a communications mix tools like advertising, public relation, sales promotion and others. In internal marketing, everyone in the companies must performs appropriate marketing principles. And finally, socially responsible marketing concerns on the ethical, environmental, legal and social context of marketing activities and programmes.

4.2 The beginning of the Islamic marketing

In marketing, sometimes it happens when some marketers do violate the bond of trust with customers and in other cases, marketing practices have detrimental effects on society (Solomon et. al, 2012). When people become selfish, they will act unethically. The unethical issues in marketing that has happened were misrepresentation of goods, services, and company capabilities, price deception, price discrimination and others (Solomon et al, 2012). Table 1.0 shows some of the unethical practices that could happen when company do marketing.

Table 1.0: Summary of unethical practices that could happen among marketing managers in the companies (Solomon et al, 2012).

UNETHICAL PRACTICES MARKETING MANAGERS MAY HAVE TO DEAL WITH
▪ ENTERTAINMENT AND GIFT GIVING
• FALSE AND MISLEADING ADVERTISING
• MISREPRESENTATION OF GOODS, SERVICES AND COMPANY CAPABILITIES
• LIES TOLD CUSTOMERS IN ORDER TO GET THE SALE
• MANIPULATION OF DATA
• EXPLOITATION OF CHILDREN
• STEREOTYPICAL PORTRAYALS OF WOMEN, MINORITY GROUPS AND SENIOR CITIZENS
• SEXUALLY ORIENTED ADVERTISING APPEALS
• UNSAFE PRODUCTS OR SERVICES
• UNFAIR REMARKS AND INACCURATE STATEMENTS ABOUT COMPETITORS
• SMALLER AMOUNTS OF PRODUCT IN THE SAME-SIZE PACKAGES

Many companies have become more interested in the ethical issues. Many companies have developed a code of ethics to guide the firm's as well as employees' behaviour. This written standard of behaviour eliminate confusion about what the firm considers to be ethically acceptable behaviour by its people and also set the standards for how the companies interacts with its stakeholders. In Islam, there are numerous verses in the Quran and teachings in the Sunnah that guide adherents on how to organize the markets and conduct businesses (Alserhan, 2011).

Zahir (2012) in his article stated about the conscientious marketing concept. The main objective of this concept is to improve people's health, welfare and quality of life. The standard of living, quality of life of the poor must be positively improved. Zahir viewed this conscientious marketing concept from the Islamic perspective and suggested that companies should use this concept as an alternative orientation of business. Islam provides general and detail instructions about what is permissible and what is not. Companies who fails to consider the elements of culture have the possibility to fail in the market. One of the important cultural elements is religion which shape the society, and in term of marketing religion can contribute to the individuals' purchasing decision making (Hajase et al, 2012).

4.2 Overview of the Islamic Marketing

As mentioned by Kalthom (2008), the current marketing trends need to be changed. The new marketing practices which based on Islamic ethics and social culture can be introduced and could become one of the best alternative to apply. Based on the following Quran verses [2:208]:

> *"O you who believe! Come, all of you, enter perfectly in Islam (by obeying all the rules and regulations of the Islamic religion) and follow not the footsteps of the Shaitan. Verily, he is an open enemy for you."*

From the meaning of this verses, it is very clear that Muslim need to live in a style that is prescribed by Allah and messenger. People especially Muslim who wants to involve in business should understand and apply Islamic *Shariah* in business transactions. Muslim people has the responsibility to execute task in accordance with Islamic law and teachings (Saeed and Baig, 2013). For marketers, based on the above verses, it shows that all marketing activities must be in accordance with the teaching of Al Quran and Sunnah. Muslim companies should use Islamic laws as a guide (Hejase et al, 2012).

Islam has long exercised Islamic marketing, the prophet Muhammad S.A.W has implemented Islamic marketing in his businesses since long ago. The prophet had always sought for customer satisfaction. Some lesson in conducting business has been taught by the prophet Muhammad S.A.W. which can be applied in today's marketing practices. The prophet presented the principles of transparency which became the most effective ways to attract customers (Pitchay, 2012). The foundation of moral contributes to the success of current businesses (Samah, 2011).

Previous study indicated that there are a significant relationship among Islam, consumption and marketing and it also stated that Muslim consumers are religious sensibilities (Yildiz 2014). The marketer who target Muslim as their customers should differentiate their business products and services to meet the needs of the Muslim market. Those who wants to involve in

a business require a thorough understanding of the Islamic rules of business transactions. The scenario where companies perform sales and production in accordance with Islamic rules shows the development of the new marketing trends (Yildiz 2014).

5. PRELIMINARY FINDINGS AND DISCUSSION

As the preliminary findings, this paper will highlight the differences between Islamic and conventional marketing from the aspect of definition, objectives and its concepts.

5.1 Definition of Marketing

"...it is hard to find any contradictions between Islamic and conventional marketing definition. The only difference is the assurance of Halal in accordance to Islamic law to the goods and products" (Adnan, 2013). There are some conflict views on the differences between Islamic and conventional marketing. Therefore, this paper aims to explore and learn more about the differences between Islamic and marketing definitions.

The conventional or traditional marketing can be defined as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (Kalthom, 2008). According to American Marketing Association (2008), marketing is defined as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large". Marketing involved the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals (Kotler & Keller, 2009). The customer satisfaction can be maximized by completing the marketing transaction with values, satisfaction and qualities of the products or service involved to meet the needs and desire of customers (Ahmad, 2013).

In conventional marketing, most of the definitions did not cover the total welfare of an individual, a community, a society, and a state or the planet as a whole (Alom & Haque, 2011). Islamic marketing is defined as the process of identification and implementation of strategies for the value maximization of the welfare of the stakeholders and society in general governed by the guidelines given in the Quran and Sunnah (Hussnain, 2011). According to Abuznaid (2012), Islamic marketing is the process of gaining wisdom. Companies satisfy customers through the good conduct of marketing. They deliver Halal, wholesome, pure and lawful products and services with the mutual consent of both seller and buyer.

In addition, according to Ahmad (2013), most of the conventional marketing definition fails to fulfil the requirement of the Islamic marketing. Three things that cannot be found in conventional marketing are the intention which rooted to Allah, applying Islamic benchmark to any concepts throughout the exchange process and making marketing as the most instrument to achieve Allah's blessing. In Islamic marketing, the Islamic *tasawwur is treated* as the core of Muslim action. With *tasawwur*, people will understand that in this world, nothing can changed the statement of Allah S.W.T. as the Creator of human and human is the creature (Adnan, 2013).

5.2 Objectives

The final objective of conventional marketing is the consumer's satisfaction as well as the profits gained by the marketer (Ahmad, 2013) without any restrictions. It focused more on getting customer satisfaction, maximizing choice and consumption (Yusniza and Khalidah, 2012) but not to get Allah's blessing. In other words, the main focus of a business is satisfying customers for profit.

In Islamic marketing, besides fulfilling consumers' need and achieving companies' goals, all related marketing practices such as planning, pricing, distribution, and promoting the products must be accordance with the regulations of the Islamic *Shariah* and Islamic traditions (Kalthom, 2008). The objective of Islamic marketing is to achieve not only the material but also the spiritual well-being in the world here and hereafter. Even Islam acknowledge materials wants and the joy of satisfaction but these are not the main purpose in life for Muslim people. In Islamic marketing, the blessing of Allah is becoming the ultimate goals (Husnain, 2011).

5.3 The Marketing Concept

In general, marketing consist of several basic concepts which include the needs, wants, demand, product, value, satisfaction, exchange, transaction, relationship and finally market (Khalidah and Yusniza, 2009). There are various concepts of marketing adopted by firms since 1869 to date. Began with the concepts of production, followed by product, selling, marketing concepts and others. Those concepts mostly have been discussed earlier under the topic of the evolution of marketing. The marketing concepts change over time. When companies started to focus on religion as one important element to be considered in marketing, here companies started to realize the importance of the Islamic marketing concepts. The Islamic marketing concepts is characterized by the spiritualistic, ethical, realistic and humanistic (Hejase et al, 2012).

Basically, spiritualistic means that all businesses conducts must be in accordance with the teaching of Al Quran and Sunnah. Islamic marketing forms Islamic ethics within the business transaction. Here, all marketing activities must be done in ethical standards set by Islamic teaching. Meanwhile, realistic in marketing means an opportunity for creativity and the ability to create breakthroughs. It means that Muslim marketers must be brave to differentiate themselves from any other marketers who partially use or do not use Islamic principles in conducting business. Last but not least is humanistic. In Islamic marketing, humanistic means that the effort to balance between market demand and environmental preservation. With the characteristics of humanistic, it teaches people the values that differentiate people from other creatures in this world (Hejase et al, 2012).

The Islamic marketing concept always start with the Islamic framework of Halal and Haram. Halal refers to a code of conduct which is permitted by *Shariah* (Zainalabidin, 2008). Ahmad (2013) concluded that Islamic marketing is different from the conventional marketing since it holds to Islamic *tasawwur* that consist of the three elements of faith *(iman)*, deeds *(amal)* and behaviour *(akhlak)* as the core in Muslim actions. Islamic marketing defines every existence in the universe belongs to Allah S.W.T. Islamic marketing is not limited only to man's relationship with man *(Hablumminnas)* but also concern on the relationship between human and the Creator (Allah) *(Habluminallah)*. In other word, Islam encourage equal emphasis on both present life and the hereafter (Kalthom, 2008).

Ahmad (2013) also stated that in conventional marketing, people do believe that the relationship of God and the universe including man are only temporary, the man have absolute freedom in determining the direction of life and people put the life of the world as the top priority. Due to this, for them, in business, there is no constraint of permissible or not permissible goods or services. Here, buyers can choose any kind of goods and services without any restrictions.

In order to satisfy human needs, Islam recognizes trading, which involve the activities of buying and selling. However, Islam does not allow people to acquire another person's asset or property through stealing, robbing, manipulation, cheating, bribery, taking property by force and any other illegal means. Islamic marketing also encourage people to provide accurate information and not hide any important information that will lead to *gharar* that consist of negative elements such as deceit, fraud, uncertainty, danger, risk and hazard that might lead to destruction or loss (Yusniza and Azian, 2013). Moreover, Kalthom (2008) did emphasize the concept of justice and equity. All of the marketing activities has to be done in a manner that is prescribed in the Quran and Sunnah. While the functions and operating modes of the conventional marketing is based on the principles of fully manmade. Without proper business guidelines specifically in marketing can lead to the complication, trouble and failure of the businesses (Samah, 2011).

6. CONCLUSION

This paper attempts to explore the differences between Islamic marketing and conventional marketing that are available on the web and any other sources. However, due to times constraint, this paper highlights only some of the common and basic differences between Islamic marketing and conventional. This paper also reviewed the evolution of marketing in order to understand the development and changes of marketing in terms of its definition, objectives and concepts.

Obviously, companies who target Muslim consumers need to differentiate their marketing strategies which include products offering from the conventional marketing. The differentiation must be clearly described. Islamic marketing is not concern only on the issues of Halal and Haram but it is about getting blessing from Allah as the creator and human should follow the Quran and Sunnah in their daily activities.
Through the differentiation, it is expecting that Muslim companies can compete in the market and at the same time increase the confidence level among Muslim customers to purchase Halal goods and services. Meanwhile, non-Muslim companies should consider to apply the concepts of Islamic marketing rather than conventional if they really want to satisfy the needs, wants and desires of Muslim buyers.

The principles of value-maximization based on equity and justice in Islamic marketing will benefit all stakeholders including consumers, producers, business partners, society as well as the planet as a whole. Islamic marketing concern more on the positive and good conduct of marketing activities. It encourages honest, fair competition, high standard of service culture, business partnership, cooperation, minimum wage for employees and basic consumerism principles. The objective of Islamic marketing not only to satisfy customers' needs, wants and desires, not only to gain maximum profit in this world through maximum choices offered and consumption but with the guidance of Quran and Sunnah, it is also expecting that people will live peacefully in the world and hereafter. In other words, in Islamic marketing, there

will be no self-interest accomplishment by any parties in its marketing channels and the ultimate goals is to gain Allah's blessings.

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