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Fact Sheets for Food Businesses

'Abi Delivering Business Excellence'

ABi's series of 'Fact Sheets for food businesses provide concise information on the key topic areas that impact on business success within the food sector.

Each fact sheet highlights the key issues and provides practical advice on the given topic.

If you would like any further advice on any issues relating to this fact sheet then please contact us. We will be delighted to help.

ABi Associates Limited is recognised by clients, businesses and agencies as one of the country's leading business development companies. We have over ten years of experience and expertise in providing business support to small businesses to succeed and grow.

Today's fast paced, competitive and challenging consumer world provides a multitude of challenges for food companies. ABi offer a diverse range of unique, innovative and tailored business services to meet these challenges. These services include business diagnostics, training, sign posting, market planning, specialist consultancy and networking events.

What ever your need, we will show you a way of resolving your business issue.

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Business Opportunities in Halal Food

The global market for Halal food is potentially worth \$150 billion a year with 1.8 billion Muslim Consumers in 112 countries. Some 400-600 million Muslims live as minorities in different nations of the globe and 35 million in Europe. In the UK, the Muslim population is young, the birth rate is high and educational levels are rising. Demography

in the Muslim population and greater interest from the wider population makes Halal food an excellent business opportunity for new product development (NPD), different business models and widening the manufacturing and distribution of Halal products to what is a captive and growing market.



This Fact Sheet explains the Halal concept and ethos, explores market trends and identifies existing opportunities, some recent innovations and ways in which new opportunities and new products can be developed.

What is Halal ?

Halal means "permissible" in Arabic. It is often extended to 'Tayyab', meaning wholesome or good, as opposed to unwholesome, foul or 'Haram, meaning prohibited.

Halal foods are those that are free from any component that Muslims are prohibited from consuming according to Islamic Law. Pork is forbidden as is sea food that does not have fins and scales.

Accredited Halal meat should be of a clean, healthy live animal when slaughtered by a Muslim with a recitation of the Bismillah prayer and an assurance that blood fluids have drained naturally.

Widening the definition of Halal, all food and pharmaceutical products should be free from pork or alcohol ingredients. A meticulous brand would have ensured that details such as cleaning fluids of manufacturing machinery use alcohol free cleaning solvents and that packaging glue is free of pork ingredients besides checking the provenance of all ingredients for health, safety, fair trade and Halal.

It is argued that Halal meat is generally healthier, has better taste and is more tender because of the method of slaughter. Educated Muslim consumers expect a higher level of accreditation, insisting that animals should not be stunned before slaughter and they expect purity, cleanliness and the humane treatment of animals.

In business, the Halal concept is extended further to corporate social responsibility by promising owners, managers, the local community, customers, employees, suppliers and regulating authorities that the business is committed to purity, cleanliness and honesty in everything it does.

Halal Food Market Size & Trends

Business opportunities in Halal food are emerging within the context of changes in general consumption patterns where consumers are more adventurous, have developed elaborate tastes and demand higher quality standards for food products and services. People are looking for greater convenience in preparation, longer shop opening hours, complete food safety, sustainability in the environment, greater fairness throughout the food chain and more affordable produce.

There is also a willingness to pay for healthy food and foods with positive health benefits, quality, variety, status and novel and innovative products, packaging and presentation.

Halal meat accounts for 11% of all UK meat sales though the percentage of Muslims in the country is just under 3%, indicating that there is a growing perception amongst non-Muslims that Halal meat is likely to be fresher, healthier and has better taste. The Halal meat market in the UK is currently estimated to be in the region of £900m.

This trend in customer perceptions has been acknowledged by major players in the UK food sector and the Halal Food Authority, one of several accrediting bodies, provides accreditation for Aldi, Asda, British Airways and J Sainsbury.

Manufacturers of ingredients, additives and colours are increasingly producing to halal specification for sauces, marinades, additives and fats to the catering trade.

Halal food accreditation is increasingly sought for western influenced meat products such as frankfurter sausages, luncheon meats, canned, chilled and frozen chicken, turkey and beef products and ready meals.

Taking Halal food to the next level

- Halal butchers are beginning to explore offering home deliveries, organic meat, corn-fed and organic chicken. They could explore sourcing and retailing quality cuts of high quality and expensive meat products such as Angus beef and venison, trimmed and dressed as oven ready joints for Western recipes.
- Wholesale Halal butchers offer trimmed, jointed and portion/weight controlled wholesale meat supply to restaurants and ready meals manufacturers.
- Multiple Halal Butcher retailing has yet to emerge, perhaps through consolidation, with a strong mainstream brand based on corporate social responsibility, world-class levels of food safety, British Retail Consortium assured hygiene and a much wider product offer than is currently available from High Street independents.
- Ready meals manufacturers of chilled and frozen products could offer Halal accredited Western dishes, meal accompaniments, meal packs, snacks and finger foods.
- As above for corporate catering where guests from a diverse background are invited and can be assured that all food at the event is Halal.
- Fast food Halal outlets such as pizzas, sandwiches, burgers and fried chicken could expand their product offer to attract more non-Muslim customers.

Recent Halal Innovations

Below is a short list of recent Halal food related business opportunities exploited by niche manufacturers and caterers.

- Supply of ready meals, ingredients, sauces and marinades to hospitals, prisons, educational establishments, armed forces, town halls, government offices and corporate canteens.
- Chocolates
- Baby Foods
- European cuisine ready meals, pizzas, those appealing to a younger audience
- Halal Flight Catering
- Halal Chinese and Haka Restaurants



Khalid Sharif, founder of Ummah Foods Ltd

Identifying New Opportunities

You may have noticed a gap in the market, a new trend, changes in customer behaviour and perceptions or screened several ideas into a manageable number of high potential options for further development. If you are still exploring, here are some techniques to use and options to consider.

New production methods, technological innovations, new business models, a defined and specified

service style, modern décor, new packaging, marketing and advertising can all be applied to existing, recent and new opportunities to provide a competitive edge and a unique or different selling proposition.

There is no single way to identify a new business opportunity or a unique selling proposition. After identifying several ideas based on perceived need, explore trends, market conditions and the development of environmental trends in your geographical area and your area of activity. Exploring unsatisfied or latent needs and the new trends that are taking shape allows the entrepreneur to respond with appropriate products or services.

Use the scale of human needs, which are broken down into five categories: psychological needs, safety needs, social needs, esteem needs and the need for self-actualisation (the instinctual need of humans to make the most of their abilities and to strive to be the best). Associate each kind of need with a product or service that you can imagine that you can satisfy at the right price.

New Product Development (NPD)

Demands for ethical manufacture, Fair Trade products, local and regional produce, environmentally friendly production methods, organic production and authentic regional ingredients continue to shape the industry. The identification of Halal food choices with being a practicing Muslim is a growing trend and appears to satisfy esteem and belonging needs across the social spectrum.

Research your market thoroughly before considering launching any new product or service. The greatest danger is to settle on an unsustainable fad. Large manufacturers and service providers have risked much by investing too much, too soon on products and services that have failed to thrive. By studying long term consumer behaviour and identifying the nearest competitive product, service or business model, it is possible work from a bench-mark to take a carefully calculated risk.

Large manufacturers and service providers use actual sales data from retailers and distributors as well as consumer-reported purchasing behaviour from specialist data gathering companies such as TNS (www.tnsglobal.com) and NPD Group (www.npd.com) to manage risk, make sales predictions and estimate the perceived price, quality specification and product / service life cycle in relation to investment in NPD, test marketing and advertising. This data and professional product/service field testing can be expensive to access.

Smaller companies rely on research reports from Mintel (www.mintel.com), Key Note (www.keynote.co.uk), Euromonitor (www.euromonitor.com) to obtain market data before developing prototypes and samples for field research, field testing, focus groups and displaying at specialist exhibitions to gauge market response. Once there is a documented definite positive reception of new products, business planning can begin.

Current opportunities relate to gearing up for the 2012 Olympics and the emerging Slow Food movement in Europe.

Though Halal can apply to all manufactured food, there needs to be some caution when working with suppliers of meat. DEFRA is responsible for ensuring that Halal Food is safe and genuine. According to Dr Yunes Teinaz's paper, 'Meat Crimes in the UK', presented to The Royal Society for the Promotion of Health on 19th May 2004

"Trade in illegal and Haram meat has been considered to be the third largest illegal trade in the UK. Meat crimes threaten public health, violate people's religious beliefs and abuse their trust. They frequently involve cruelty to animals. Some of the people who carry them out have no moral qualms about the risks they create of infecting the public with such diseases as New Variant CJD. The trade is extensive and international in scope."

Halal Accreditation

Food safety accreditation and Halal accreditation builds customer confidence.

There are several competing bodies offering Halal status certification. These are The Halal Monitoring Committee, Halal Food Authority (HFA), Islamic Cultural Centre and Muslim World League to name but a few. Certification fees differ widely. Some food sector professionals believe that the absence of a single credible accreditation authority and insufficient coordination between government enforcement agencies has resulted in confusion amongst the public and has diminished the export potential of the UK Halal Food sector.

- The Halal Monitoring Committee (HMC), 83 Rolleston Street, Leicester, LE5 3SD www.halalmc.co.uk
- Halal Food Authority, 109 Fulham Palace Road, London, W6 8JA www.halalfoodauthority.co.uk
- Islamic Cultural Centre, 46 Park Road. London, NW8 7RG www.iccuk.org
- Muslim World League, 46 Goodge Street London W1T 4LU

What Next

ABi will work with you to establish your business information profile, identify target markets and major prospects and help you to test the viability of your business idea. Depending on your market, this could be new investments, capacity changes, key appointments in certain areas, new product plans and launches, changes in strategic direction or responding to a change in legislation.

Whether it is business expansion, diversification or starting a new business with a unique selling proposition, ABi can provide you with the advice, guidance and consultancy you will need to manage risk and achieve success.

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