PRIMARY RESEARCH

Iranian Customers’ Understanding towards Ḥalāl Logo and Islamic Brands

Yasaman Giyahi 1*, Vahid Khashei Varnamkhasti 2

1 Department of Business Administration, Faculty of Management and Accounting, Allameh Tabataba’i University, Tehran, Iran
2 Department of Business Administration, Faculty of Management and Accounting, Allameh Tabataba’i University, Tehran, Iran

Keywords
Islamic Marketing, Ḥalāl Brand, Islamic Brand, Ḥalāl Certification

Abstract: The purpose of this paper is to introduce Ḥalāl logo as a new marketing paradigm, which marketers use as a means of distinguishing their products and services in the competitive environment. This research aims to show the importance of education and training in the area of Ḥalāl and encouraging scientific societies as well as industry players for further research on the subject. We examine whether customers look for the Ḥalāl logo when purchasing products and services or whether they know about the owner of the logo. We also study the dimensions on which these products and services are considered as Ḥalāl. The study employs applied research and survey technique on a sample of 385 respondents who had the experience of traveling to a foreign country, using random selection and conducting structural equations modeling. The findings show that awareness about Ḥalāl, level of commitment to religious rituals, marketing concept, Ḥalāl certification and the true meaning of Ḥalāl are considerable factors affecting the Iranian customers’ understanding towards Ḥalāl logo and Islamic brands. Iranian customers are not sufficiently exposed to Ḥalāl logo and Ḥalāl brands through marketing communications, while to enhance Ḥalāl product and services, it is necessary to make increased use of marketing and branding strategies. This research provides a model that marketers need to consider when presenting their products as an Islamic brand, as it shows the dimensions of understanding and awareness of Iranian customers towards Ḥalāl. Evidently, it requires cooperation among Islamic cooperation organization (an authority in issuing Ḥalāl logo on brands in Iran), standard organization, and brand owners.

KAUIJE Classification: H54, P1, T6
JEL Classification: M3, Z12
© 2019 JIBM. All rights reserved.

INTRODUCTION

The opportunity for distinguishing and providing a unique identity for products is very scant, to the extent that some individuals are inclined to believe that the costs of distinguishing
outweigh its advantages. Since ḥalāl is an essential part of Islamic cultural networking, ḥalāl certification can provide us the possibility of searching for a new marketing paradigm (Rajagopal, Ramanan, Visvanathan, & Satapathy, 2011).

Ḥalāl means permissible and in Islamic culture it denotes to something that Islam considers to be lawful and legitimate for its followers; the word ḥarām is its antonym, meaning unlawful and not conforming to the Shari‘ah principles. All Muslims are obliged to use only those products that are permissible and conforming to Islamic laws and principles (Rajagopal et al., 2011).

Today, Muslims constitute a quarter of the world’s population and it is expected to rise to 30 percent of total world population by 2025. Their cultural background is so natural and unconscious that usually their behavioral effect is overlooked. Thus, the ḥalāl phenomenon will need to be globally recognized and used (Rajagopal et al., 2011). This makes a demand for ḥalāl products to essentially grow across the world (Borzooei & Asgari, 2013). Muslim population, growth in the number of youth and educated Muslim as new consumers in the market, and increased awareness and demand for ḥalāl products and services due to emerging Muslim societies all over the world relating to immigration activities, add to the importance of the issue (Abdul-Talib & Abd-Razak, 2013).

This significant demand motivates businesses to fight for and secure maximum market share. For instance, McDonald’s and Nestle invest substantially to capture an extensive share of the market. In the competitive market, each product type offers many different brands and each brand tries to win shelf space and attracts more consumers. Ḥalāl as the central Islamic marketing asset possesses the conditions and qualifications of a legitimate brand entity. In fact, the ḥalāl brand is a safe place to lessen the uncertainty associated with buying a product. It is also a source of establishing a strong relationship with consumers (Borzooei & Asgari, 2013).

The market for ḥalāl products amounts to annually 150 billion dollars worldwide, involving 20 percent of the total food industry, which continues to grow. In line with rising awareness about the ḥalāl market, it is claimed that there are many agencies in the world issuing 340 ḥalāl certifications, while some of them are not following the principles and don’t possess the required qualifications in this field. This trend has raised some concerns over the veracity of ḥalāl certification, not only among Muslim consumers, but sellers and producers as well. The findings from a research by International Business Center in Abu Dhabi show that Islamic markets cover Muslims as well as non-Muslims, and as such, the presence of these concerns cast a shadow on consumer trust and reassurance. In Australia, for example, at least 15 organizations and in Netherlands 30 to 40 organizations are issuing ḥalāl certification; very few studies addressed this issue. The doubts created by ḥalāl certification increase, when it is realized that we cannot call a product ḥalāl only because it has been produced by a Muslim country, which even its banking services are doubtful (Rios, Riquelme, & Abdelaziz, 2014).

Muslims should only use the certified ḥalāl products conforming to religious parameters. This will create a significant international market for ḥalāl products estimated at annually 589 billion dollars. Also, there are considerable opportunities for food export to the Middle East and North Africa with a population of about 475 million people which import their food.
International business for *halāl* food already has been estimated at 80 billion dollars annually, or in other words, 5 percent of total world food trades. European Muslims also purchase a *halāl* product, because they believe that these products are safe and healthy (Ireland & Rajabzadeh, 2011).

There are very few studies on Islamic world branding as it is presumed that branding principles are the same as for the others. However, when consumers buy a *halāl* product, regardless of the value they might place on it and subsequently do the purchase, they buy based on their belief. Branding in Islamic world acts like a double-edged sword: on the one hand, some very expensive brands known worldwide may be rejected by people of some Muslim countries like especially, Iraq, Libya and Afghanistan due to a perception of cultural imperialism. On the other hand, some local brands, like ‘Mecca-Cola’ in Saudi Arabia which never received popularity of world brands, may replace the famous international brands (Rios et al., 2014).

Along with the increase in Muslim population and the emerging values of the world market of *halāl*, it will be essential for companies to consider the opportunity created by this trend (Mohtar, Amirnordin, & Haron, 2014). The phenomenon of Islamic branding management as a separate and new combination has been of great interest for academicians and administrators inside and outside of Muslim society across the world. The evidence of this can be found in Islamic scientific journals in the field of business management and marketing agencies, proving Islamic branding consultation. The introduction of these new and distinct areas is not only resulting from the identification of needed and demands, but importantly, it appears that there is a gap in intellectual schools of the brand and its frameworks, making it necessary for investigation (Wilson & Liu, 2011).

The current study examines awareness of the concept *halāl* and Islamic brand among Iranian customers who have an experience of traveling to the foreign country. Based on this knowledge, this question arises that how Iranians are aware of the correct meaning of *halāl* and Islamic brand, living in a country with a dominant Muslim population? How much do they show sensitivity when buying goods and services to ensure that it is *halāl*?

There are a number of points to be noted: first, in countries like Iran, in contrast to other Islamic countries like Malaysia, production of goods, whether made inside or imported from outside, must be according to the laws of Islam and be certified in terms of *halāl*, though *halāl* logo may not be easily observed, because in Iranian society it is taken for granted that related authorities certify them in terms of being *halāl* before allowing entrance into the market. Secondly, the *halāl* logo used on the products needs to be inspected and revised, as the label on the product showing its issuance from the organization in charge which also indicates its identity, may not be necessarily on the product. Thirdly, a public offering of products considered *ḥarām* by Islamic law, throughout cities of the country is forbidden. Thus, there will remain no doubt for people that they can purchase products just based on quality and specific brand without looking for the *halāl* logo on them. And finally, in the case of the entrance of any such products into the market, people will be noticed by the ministry of health and medical education and religious leaders to not use these products.
The existence of such assurances has made Iranian buyers less concerned with this issue as an indicator of their purchase decision making. Consequently, they do not induce any sense of demand and sensitivity to brands in feeling the need for making the customer aware of the item they are buying in terms of being ḥalāl. Therefore, no research on importance of ḥalāl has been conducted in the field of Islamic marketing and consumers purchase behavior; while this subject is especially important in the event of Iranian exports to Islamic countries.

Considering these points, before trying to carry out detailed research on things such as supply chain, we need to find out consumers level of awareness on ḥalāl concept and Islamic brand, so that we can do necessary planning for marketing activities especially outside the promotion area; yet it is not restricted to inside of the country and if producers decide to enter exterritorial markets especially Muslim countries around Persian gulf region and north Africa, it will require more careful and practical work on ḥalāl brand on products.

From the literature, above, following areas of research on consumer awareness on ḥalāl emerge:

- Is consumer aware in his/her search for ḥalāl certification?
- Does he know brands belonging to different groups of ḥalāl certification owners?
- When purchasing products and services, which dimensions they consider to identify ḥalāl?

Islamic Marketing
An important paradigm change has happened in modern marketing-a shift from consumer to areas of value which leads the concept of marketing towards human values. Evidently, ḥalāl is based on values called Islamic values. There is now a potential for creating a fully moral brand through integrating Islamic values and features like caring about animal health use, for example, in processing and manufacturing food products under appropriate conditions with the least amount of wastage. Islamic marketing is a new social science which is based on principles of Sharī‘ah, looks at marketing performance, Islamic brands and the needs of Muslims (Tieman & Ghazali, 2013; Tieman, van der Vorst, & Ghazali, 2012).

Wilson (2012) in a paper titled "An introduction to Islamic Marketing, branding and consumer behavior based on 7P’s", argues that in Islamic Marketing, a relatively new area, new 7P’s should be defined (Wilson, 2012):

- Pragmatism: Assessment of reality and the meaning of views and critiques, which are rooted in an applied scientific approach and the real world.
- Pertinence: Indicating relationship and adaptation.
- Palliation: to fill gaps and reducing severity of hardships, while accepting that there are many complex issues that their root will never disappear.
- Peer-Support: Identifying and commitment to social networks of stakeholders that have originality.
- Pedagogy: Empowering stakeholders through providing instrumental concepts, methods and evident ways of doing things.
- Persistence: Continues work in spite of any difficulty.
- Patience: Establishing a base for the duration of a topic.
**Halāl**

Muslim consumers are looking for the products and services, which adhere to Islamic laws and norms. They want those products that have Islamic brand or halāl brand and are based on recognized principles which are not restricted to just food industry products, but includes cosmetics, healthcare, pharmaceutical, logistics, tourism, and banking. Halāl food market and Islamic finance sector have seen a significant growth in the last decade, added by many other products and services such as cosmetics and health care products, hotels and construction industries. Total investments in Islamic financial services has been increasing day by day, and the measurable amount of halāl industry was expected to reach to 1 trillion U.S. dollars (Lada, Tanakinjal, & Amin, 2009; Yusof & Jusoh, 2014).

Halāl is a paradigm which requires understanding of some points (Wilson & Liu, 2010):
- Condition-specific and multidimensional cultural characteristics
- Strong moral views
- Relationships far from mere materialistic and mechanical thinking
- Strategic management operations

Increased discussion and researches in the area of Islamic marketing have raised awareness and interest of both Muslim and non-Muslim consumers about characteristics of Halal brands, so that it has been recognized as a symbol of cleanliness, safety and high quality among non-Muslim consumer in the world markets, leading to further academic research in this area (Yusof & Jusoh, 2014).

Halāl is no longer a mere religious issue, because, first, the market size of halāl foods and its development has grown in significant rate; and second, because of its political importance. Growing popularity of halāl can be attributed to religious bias and belief that halāl products are safer and finer. Halāl is a commitment that secures all aspects of 1.6 billion Muslims lives across the word (Lada et al., 2009). Muslim population growth, world business potential of halāl and strong support from Islamic countries governments create many opportunities for development in the area. Yet, lack of integrity and international principles in determining standards of halāl, inability in creating a halāl supply chain and using informational technology in this area, and absence of sufficient knowledge on marketing of the products in this industry, are some of existing threats in the market (Ab Talib & Hamid, 2014).

Halāl industry comprises of three groups (Alserhan, 2010a; Yusof & Jusoh, 2014):
- **Food industry:** which at present is dominated by multinational brands like Nestle;
- **Lifestyle:** similarly, like tourism services; and
- **Islamic services:** especially financial services which could be changed in some region especially in china and Europe due to their interest in this Market.

When a product receives halāl certification, the consumer will buy it with confidence and trust because he or she is reassured the there is nothing to be concerned of (Rajagopal et al., 2011). To have halāl certification means confirmation of the product by a formal authority in charge in terms of observing Islamic law principles through the whole process of the supply chain (Aziz & Chok, 2013). The good fame of halāl products among non-Muslims relates to
threats from unhealthy animals and relevant concerns, which has made them inclined towards halāl as safer and healthier products (Rezai, Mohamed, & Shamsudin, 2012). However, mere using halāl logo will not be sufficient. Labels carrying details of the product on them will be of great help to consumers for taking a fast decision (Yunos, Mahmood, & Mansor, 2014).

Halāl product must (Ab Talib, Hamid, & Zulfakar, 2015):
- Not contain any non-halāl parts or products of harām animals or products or animals that are not slaughtered in the name of Allah and Shari‘ah by methods;
- Not contain any ingredients that are considered najis (unclean);
- Is safe and not harmful;
- Is not prepared, processed or manufactured using tools or equipment contaminated or used together with non-halāl or najis;
- Have ingredients or by-products that do not contain any human part; and
- During the process of manufacturing, preparation, packaging, storage or distribution, the product must be physically separated from harām products.

Islamic Brands
Mere production of a product or a brand in an Islamic country may not make that brand an Islamic brand or product, as not all products produced and provided in Islamic countries necessarily meet the standards and principles of Islamic law (Alserhan, 2010b). Jonathon and Lia (2011) provided the following classification (Fig. 1: Classification of Islamic Brands) for Islamic brands (Cf: Wilson & Liu, 2011).

Islamic branding can broadly be of the following categories: (Wilson & Liu, 2011)
1. That follow Islamic laws, i.e., Islamic brands based on Islam as a religion
2. Produced in an Islamic country, i.e., Islamic brands base on country of origin
3. Their target customers are Muslims, i.e., Islamic governments based on destination
The combination of these three groups gives four types of brands as shown in Fig. 2:

1. **True Islamic brands**: This is the only group of brands that involves all three characteristics; they are ֶhَālāl; are produced in an Islamic country and their target consumers are Muslims. The term “true” used here does not mean that other categories are wrong. For example, most of the brands produced in Islamic countries are ֶhَālāl, just because there are primarily produced for Muslims’ consumption.

2. **Traditional Islamic brands**: The brands produced in an Islamic country, which target Muslims. As mentioned above, it is presumed these products and services are ֶhَālāl. Prior to globalization, all of these brands were considered to be ֶhَālāl.

3. **Inbound Islamic brands**: ֶhَālāl brands, which target Muslim consumers but are produced in a non-Muslim country. These have largely become Islamic, i.e., to be ֶhَālāl, made with some changes.

4. **Outbound Islamic brands**: ֶhَālāl brands the origin of which is Islamic countries, but do not necessarily target Muslim consumers.

![FIGURE 2. Categories of Islamic branding](image)

### TABLE 1

**Categories of Islamic Branding**

| Islamic Branding | Sample Brand            | Target Market | Market Size Market | Potential | Marketing Focus |
|------------------|-------------------------|---------------|--------------------|-----------|-----------------|
| Inbound          | Nestle and KFC          | Muslims       | 1.5-1.8 billion consumers | Substantial growth. The Muslim population is the fast growing in the world | ֶhَālāl and reputed quality of international brands emphasized |
| Outbound         | Islamic finance and hospitality | Non-Muslims and Muslims abroad | Rest of the world | Substantial growth due to the introduction outside the traditional Muslim market | Purity and humanity emphasized, not ֶhَālāl, in order not to raise religious sensitivities |
| True             | Al Islami in UAE        | Muslims       | Same as inbound    | Same as inbound | Emphasize patriotism |
| Traditional      | Traditional local brands | Muslims       | Same as inbound    | Same as inbound | More than ֶhَālāl, although ֶhَālāl is assumed |

**Proposed Theoretical Framework**

In this paper, the model shown in Fig. 3 was constructed in order to examine the determinants of customer understanding of Islamic brands and ֶhَālāl. Its aim is to measure the relationship
between awareness on ḥalāl consumption, ḥalāl certification, marketing concept, religious beliefs and categorizing Islamic brands with an understanding of Iranian ḥalāl products and services.

![Diagram of factors affecting Iranian customers' understanding of ḥalāl logo and Islamic brands](image)

**FIGURE 3.** The model of factors affecting Iranian customers’ understanding of ḥalāl logo and Islamic brands

* Awareness about ḥalāl: In the context of ḥalāl, awareness describes human perception and cognitive reaction to a condition. It is special interest in or experience of something and/or being well informed of what is happening. According to studies on awareness and cognition, customers have a positive attitude towards awareness about ḥalāl principles (Aziz & Chok, 2013).

* ḥalāl certification: Issuance of ḥalāl certification implies that a regular process of preparation and delivery of ḥalāl products and services has been recognized. Thus, the producer is required to gain ḥalāl logo or ḥalāl conditions as an evidence to show its consistency with religious principles and Qur’ān (Aziz & Chok, 2013). Unfortunately, the process of acquiring ḥalāl certification is very costly and long. Therefore, medium and small enterprise are not inclined to take this certification; though, according to many customers, even if ḥalāl certification leads to growing prices of products and services, their popularity and purchase level will not be affected (Shirkhodayi & Amirhosein, 2013).

* Marketing concept: Customers reaction to marketing strategies has a significant effect on the companies’ success. Knowing about both marketing and management will provide the company with an instrument to be able to satisfy the customers’ needs (Shaari & Arifin, 2010). we will examine how much successful they have been till now in promoting their products as ḥalāl and how well they have affected customers’ awareness.

* Belief in a religion: Based on the nature of human, religion significantly affects individual’s behavior and attitude, because these are associated with religion and beliefs. Prior studies show that religion influences the individual’s choice of products and services. The religiosity of consumers plays a very important role in marketing and especially in advertising Shaari &
Arifin, 2010).

**True meaning of Halāl:** In the previous section, a detailed explanation was provided about categorization of Islamic brands and the true meaning of *halāl*. In this section, we will examine to see in which condition a brand should be regarded as *halāl* by consumers and customers, and in which groups of products and services *halāl* brands have been defined by now.

**METHODOLOGY**

In terms of purpose, this is an applied research; while from data collection method point of view, it is a descriptive study of survey type. It is examining the relationship between awareness about *halāl*, marketing concept, religious beliefs and categorizing Islamic brand with an understanding of Iranian customers. Statistical population in this research comprises of consumers with a background of traveling to a foreign country.

Regarding the characteristics of the statistical population, somewhat unbounded, we employed simple random sampling; in terms of sample size, and 385 individuals were chosen.

| TABLE 2 | Demographic Data on Respondents |
|----------|---------------------------------|
| Demographic Variables | Details | Frequency | Frequency Percentage | Accumulative Frequency Percentage |
| Gender | Female | 241 | 62.6 | 62.6 |
| | Male | 144 | 37.4 | 100.0 |
| Age | 15-19 | 4 | 1.0 | 1.0 |
| | 20-29 | 109 | 28.3 | 29.4 |
| | 30-39 | 129 | 33.5 | 62.9 |
| | 40-49 | 60 | 15.6 | 78.4 |
| | 50-59 | 57 | 14.8 | 93.2 |
| | 60 and above | 26 | 6.8 | 100.0 |
| Monthly Income | Less than 1.5 million Tomans | 169 | 43.9 | 43.9 |
| | 1.5 to 3 million Tomans | 155 | 40.3 | 84.2 |
| | Higher than 3 million Tomans | 61 | 15.8 | 100.0 |
| Education Level | Diploma or SPM | 89 | 23.1 | 23.1 |
| | Post-Diploma | 33 | 8.6 | 31.7 |
| | Bachelor | 134 | 34.8 | 66.5 |
| | Master | 129 | 33.5 | 100.0 |
| Working Status | Public | 51 | 13.2 | 13.2 |
| | Private | 134 | 34.8 | 48.1 |
| | Self-employed | 62 | 16.1 | 64.2 |
| | Student | 36 | 9.4 | 73.5 |
| | Unemployed | 33 | 8.6 | 82.1 |
| | Others | 69 | 17.9 | 100.0 |
| Number of Travels to a foreign country | 5 times or less | 285 | 74.2 | 74.2 |
| | 6 times or more | 93 | 24.2 | 100.0 |
| Level of Religiosity | Low commitment to religious rituals | 61 | 15.8 | 15.8 |
| | Medium commitment to religious rituals | 199 | 51.6 | 67.4 |
| | High commitment to religious rituals | 109 | 28.3 | 95.7 |
| | Very high commitment to religious rituals | 15 | 4 | 100.0 |
TABLE 2
Continue

| Demographic Variables | Details             | Frequency | Frequency Percentage | Accumulative Frequency Percentage |
|-----------------------|--------------------|-----------|----------------------|-----------------------------------|
| Foreign Travel Destinations | Islamic countries | 186       |                      |                                   |
|                        | Asian countries    | 228       |                      |                                   |
|                        | European countries | 170       |                      |                                   |
|                        | North American countries | 32       |                      |                                   |
|                        | South American countries | 10       |                      |                                   |
|                        | African countries  | 19        |                      |                                   |
|                        | Australia and New Zealand | 16       |                      |                                   |
| Understanding of Groups of *halāl* products and Islamic Brands | Food products      | 346       | 89.8                 |                                   |
|                        | Pharmaceuticals    | 167       | 43.3                 |                                   |
|                        | Cosmetics          | 151       | 39                   |                                   |
|                        | Leather products   | 131       | 34                   |                                   |
|                        | Banking and tourism services | 142     | 37                   |                                   |

Data was collected by designing a questionnaire both in paper and electronically, using five-point Likert scale with (5) *strongly agree*, (4) *agree*, (3) *neither agree nor disagree*, (2) *disagree*, (1) *strongly disagree* to obtain data for each of the constructs in the model for the study, 43 questions were examined. An electronic questionnaire was designed as an internet link and was distributed to Iranian customers based on the set criteria.

TABLE 3
Research Variables and Questionnaire Items

| Research Variables | Variable Name                          | Cronbach Alpha |
|--------------------|----------------------------------------|----------------|
| Dependent Variables| Customers Understanding of *halāl*     | -              |
| Independent Variables| Awareness About *halāl*               | 0.885          |
| Independent Variables| *Halāl* Certification               | 0.796          |
| Independent Variables| Marketing Concept                | 0.795          |
| Independent Variables| Religious Beliefs                  | 0.902          |
| Independent Variables| True Meaning of *halāl*             | 0.753          |

Descriptive Model: Structural Equation Modeling
For testing the research model shown in the Fig. 3, a statistical software package was employed. In descriptive statistics, we calculated Pearson Correlation and conducted structural equation modeling. SEM analysis has two parts: measuring model and structural equation model. Measuring model indicates how the latent variables or hypothetical concepts are associated with or are specified by them. Therefore, this model describes the characteristics of measurement of observed variables (validity and reliability) and determines specified or
unspecified deviation. Meanwhile, structural equation model specifies the causal relation between latent variables; describes causality and determines explained or unexplained deviation. As mentioned above, this study uses LISREL 8.52 statistical package for testing the hypothetical model. LISREL 8.52 is especially designed for specifying the models, where latent variables, measurement errors and causality are combined. Furthermore, LISREL 8.52 is designed for estimating and testing the model fit and causal relationship. SEM provides a statistical model of linear relations between latent variables (unobserved) and observable variable (observed). One of the unique characteristics of SEM is its ability in providing parameter estimates for the relationship between latent variables. SEM is like path analysis in order to provide parameter estimates for the direct and indirect relationship among observed variables (Hooman, 1388).

**FINDINGS**

**Descriptive Statistics and Correlation Analysis**

Table 4 summarizes statistical indexes of the variable based on statistical analysis including the mean and standard deviation of each variable. Pearson correlation coefficient is also shown for different variables. The mean of all variables, except for true *حالال* meaning variable (2.81), is higher than average (number 3 in five-point Likert scale), suggesting that first 4 variables are in good state and are higher than sample average. The positive and significant value of correlation coefficient indicates a significant relation between the two variables. Accordingly, between independent variables of research, there is a pairwise positive and significant association. The highest correlation association is between two independent variables of awareness about *حالال* and religious beliefs, suggesting strong positive and significant relation between the two variables. Also, the lowest value of correlation coefficient is between *حالال* certification variable and the true meaning of *حالال* variable (0/508), indicating medium positive and significant relation between the two variables.

| Research Variables       | Average | Standard Deviation | Awareness | Certification | Concept | Beliefs |
|--------------------------|---------|--------------------|-----------|---------------|---------|--------|
| 1. Awareness about *حالال* | 3.43    | 1.01               | 1         |               |         |        |
| 2. *حالال* certification  | 3.17    | 0.62               | 0.742**   |               |         |        |
| 3. Marketing concept     | 3.55    | 0.61               | 0.744**   | 0.737**       |         |        |
| 4. Religious beliefs     | 3.81    | 0.84               | 0.849**   | 0.708**       | 0.718** |        |
| 5. True meaning of *حالال*| 2.81    | 0.58               | 0.559**   | 0.508**       | 0.531** | 0.532**|

*p < 0.01

**Confirmatory Factor Analysis (CFA)**

This research uses confirmatory factor analysis to examine validity and reliability for each construct (research variables). Table 5 provides evidence of construct validity (divergent and convergent validity), as all validity indices are lower than 0/60. Composite reliability and the summary of mean-variance measurements also validate sample reliability. Common mean variance between constructs and scales are higher than 0/50, which this acceptable value was
suggested by Kalantary and Homan (Kalantari, 2009). Therefore, composite reliability is strong, like Cronbach for structural equations, for all multiple scales which range from 0/76 to 0/83. Overall, Table 4 shows that all 5 research constructs have acceptable validity and reliability.

### Table 5

| Construct                          | No. of Questions | Construct Validity | Average Variance Extracted |
|------------------------------------|------------------|--------------------|-----------------------------|
| 1. Awareness about ḥalāl           | 7                | 0.82               | 0.76                        |
| 2. Ḥalāl certification             | 8                | 0.85               | 0.77                        |
| 3. Marketing concept               | 11               | 0.93               | 0.83                        |
| 4. Religious beliefs               | 8                | 0.87               | 0.79                        |
| 5. True meaning of ḥalāl           | 9                | 0.89               | 0.80                        |

### Structural Equation Model Analysis

This study estimates equation model using maximum probability method (Kalantari, 2009). Perfect maximum probability model includes structural models which combine 5 latent variables and 43 variables in order to test second-order confirmatory factor analysis.

**Model fit testing:** Before testing research hypothesis and concluding, it is necessary to ensure if hypnotized model provides a good fit for the collected data. In working with LISREL program, each index acquired from model fit cannot on its own be a reason for goodness-of-fit or the other way around, but these indices should be assessed and interpreted together (Kalantari, 2009). Common indices for the total model test are 1): fit statistic to the degree of freedom ratio that is lower than 3, (2): goodness of fit indices which all of them have a threshold higher than 0.9. For a model, which has been carefully divided into suitable data, usually 4 goodness of fit indices are assessed.: 1): goodness of fit index (CFI), 2) Adjusted goodness of fit index (AGFI), 3) normed fit index (NFI), 4): Root Mean Square Error of Approximation (RMSEA), which should be lower than 0/08.

Table 6 shows a summary of estimation indices from structural equation model. The results show a good fit for the hypothetical model. Model fit statistic to the degree of freedom ratio is below 3, suggesting sufficient model fit. The value of RMSEA has reached the acceptable value of below 0.8 (RMSEA = 0.035). Especially, values of GFI, AGFI, NFI and CFI show the acceptable value of higher than 0/9 (0/99, 0/98, 1/00, and 1/00, respectively). All the indices are above the acceptable limit and are desired. Therefore, desired conditions of these indices indicate that hypothetical research model (Fig. 3) is statistically significant and this model best fits the collected data.

### Table 6

| Estimation Index | χ²/d.f | GFI | AGFI | NFI | NNFI | CFI   | RMSEA |
|------------------|-------|-----|------|-----|------|-------|-------|
| Research Model   | 1.46  | 0.99| 0.98 | 1.00| 1.00 | 1.00  | 0.035 |
Hypotheses test: In order to assess the hypotheses 1 to 5, proposed hypothetical model was tested using LISREL 8.2. Factor loadings among independent variables and dependent variables were estimated. The hypotheses related to this relation were tested based on t-statistic. Fig. 4 shows conceptual research model with the path coefficients. All of these coefficients are significant and positive and validates all hypothesized relations among variables.

Awareness about halal is a factor significantly affecting customer understanding of halal brand (B = 0.94). Awareness about halal certification is a factor significantly affecting customer understanding of halal brand (B = 0.79). Awareness about marketing concept is a factor significantly affecting customer understanding of halal brand (B = 0.80). Awareness about religious belief is a factor significantly affecting customer understanding of halal brand (B = 0.90). Awareness about the true meaning of halal is a factor significantly affecting customer understanding of halal brand (B = 0.60). Thus, 5 research hypotheses are confirmed.

| Research Hypotheses                                      | Parameter Estimation | t-statistic |
|----------------------------------------------------------|----------------------|-------------|
| 1. Awareness towards halal-Customers’ understanding of halal brand | 0.94**               | 23.90       |
| 2. Halal certification-Customers’ understanding of halal brand | 0.79**               | 18.24       |
| 3. Marketing concept-Customers’ understanding of halal brand | 0.80**               | 18.49       |
| 4. Religious beliefs-Customers’ understanding of halal brand | 0.90**               | 22.39       |
| 5. True meaning of halal-Customers’ understanding of halal brand | 0.60**               | 12.76       |

**p < 0.01
Discussion
The purpose of this paper was to provide a model for Iranian customers’ understanding of halāl logo and Islamic brands. Five variables, namely awareness of halāl, halāl certification, marketing concept, level of religious belief, and true meaning of halāl were measured; the mean value of the last variable, i.e., true meaning of halāl was reported below the average. Through structural equation modeling test, researchers’ hypotheses, namely, the effect of awareness about halāl with the highest effect on customer understating of the halāl logo and Islamic brand (0.94), religious beliefs (0.90), marketing concept (0.80), halāl certification (0.79), and the true meaning of halāl were confirmed.

The information from individuals under study shows that Iranian customers’ understanding of halāl; that what halāl is and under which conditions, and in which product group these rules are definable, is low. The feedback from questionnaires indicates that concept of being safe and healthy commonly is believed to be applicable only to foods and drinks. In terms of products like pharmaceuticals, defining halāl within this area for many was surprising. Islamic services such as banking services, though addressed in media, was not selected by many as a product that could be defined by halāl and Islamic brands.

The best answers and the most understanding belonged to those who had already been to a foreign country. True meaning of halāl for these individuals regardless of the level of their religious beliefs was so tangible and much referred to difference taste and odor in halāl foods and drinks; even they would rather have halāl food products at the expense of higher price, though other non-halāl foods were more abundant in market and easier to provide. So, those who had practical experience in dealing with halāl, except for those living in Islamic countries like Arab emirate, were familiar with different aspects of halāl and Islamic brands. The best information came from Iranian students living in foreign countries as from the first day of admission to university they are introduced by some centers like association for a Muslim student to a list of supermarkets, brands and product permissible by Islamic laws.

Another issue is that level of religiosity was not necessarily an indication of their exact awareness of various aspects of the subject under study. However, individuals who had more commitment to religious rituals, after reading the questionnaire, showed more interest to become aware and learn about the subject.

CONCLUSION AND CONTRIBUTION
The results of this research seek to create awareness of the fact and the situation that has been ignored; the level of awareness of the Iranian people and their sensitivity to the halāl issue indicates its recognition and importance in choosing Islamic brands. The fact is that, despite the existence of shopping addiction, especially among Iranian youths, there is little or no sensitivity to this issue despite living in an Islamic country and a Muslim community, because the halāl issue has been presumably approved for all the goods and services provided to them. On the other hand, they do not recognize the extent of the goods and services that can be defined in the halāl chain, and they are often limited to food and drinks. This awareness was necessary to define and plan any other research in the halāl field.
Looking for a *halāl* logo to find it on products at the time of buying, is not a tangible matter inside this country. As people are assured that whatever is bought in an Islamic country, that is necessarily *halāl*, they don’t feel necessary to take care of, which refers to the dimension of the true meaning of *halāl*. However, for something to be truly *halāl*, three conditions should be met: target, religion, and destination. Raising public awareness through media, not in by educational programs but by focusing on advertisements from brands in various groups of products and services, can make them sensitive to the issue of *halāl* just as Iranians living abroad were. Practical engagement makes it sustainable in mind. Also, some authorities like the Standards Organization can play an important role in keeping the public informed and raise their awareness and understanding.

This study, before going on issues like exports of *halāl* products and creating a *halāl* supply chain as done previously in Malaysia, aimed to focus on sensitivity and awareness of Iranian people, as many think of *halāl* only in terms of meat and poultry, not necessarily aquatics.

**IMPLICATIONS AND SUGGESTIONS**

Further research on this topic requires the collaboration of the organizations that were referred to in the previous section, so that results can be achieved that are functional and not academic. Of course, they also need cooperation with the academic community for more accurate research. Otherwise, the results of organizational research usually remain confidential in their organizations and do not define a solution to raise public awareness. The next research that needs to be performed is to realize which method will create and raise awareness in this community. This awareness is being used in Islamic branding, and brand owners can use it as a factor for competition in the domestic market. But it should also be noted that in order to export goods and services to the Islamic countries and countries with Muslim populations, this aspect is one of the minimum requirements to be observed.

Paying attention to the *halāl* issue can bring those new markets, which due to lack of awareness and recognition, have been ignored so far. At the same time, Iranian brands can increase the range of goods and services they can offer by focusing on the *halāl* issue in the value chain of different industries. This issue is important because of Iran’s efforts to increase non-oil exports.

To raise more awareness about the *halāl* concept and Islamic brands, it is suggested that future researcher examines the Muslim individuals who are residing in non-Islamic countries. It could be by the assistance of organizations like Islamic cooperation organization to be the incharge of issuing *halāl* certification in Islamic countries. The diversity of participants in this research was more on those traveled to Islamic, Asian and European countries. To gain much better results, it is needed to increase the frequency of people residing or having a background of already living in one of the countries in North America, South America, Africa, and Pacific.

Also, Iranian organizations such as Islamic cooperation organization office, and Standard Organization, need to have further supervision and monitoring on these issues, as the products which have received this certification, are not using unified logo on their products and
therefore, it may not be easily remembered by the customers and consequently making it difficult to distinguish between true and untrue logo.

REFERENCES

Ab Talib, M. S., & Hamid, A. B. A. (2014). Halal logistics in Malaysia: A SWOT analysis. *Journal of Islamic Marketing, 5*(3), 322-343.

Ab Talib, M. S., Hamid, A. B. A., & Zulfakar, M. H. (2015). Halal supply chain critical success factors: A literature review. *Journal of Islamic Marketing, 6*(1), 44-71. doi: https://doi.org/10.1108/jima-07-2013-0049

Abdul-Talib, A. N., & Abd-Razak, I. S. (2013). Cultivating export market oriented behavior in halal marketing. *Journal of Islamic Marketing, 4*(2), 187-197. doi: https://doi.org/10.1108/17590831311329304

Alserhan, B. A. (2010a). Islamic branding: A conceptualization of related terms. *Journal of Brand Management, 18*(1), 34-49. doi: https://doi.org/10.1057/bm.2010.18

Alserhan, B. A. (2010b). On Islamic branding: Brands as good deeds. *Journal of Islamic Marketing, 1*(2), 101-106. doi: https://doi.org/10.1108/17590831011055842

Aziz, Y. A., & Chok, N. V. (2013). The role of Halal awareness, Halal certification, and marketing components in determining Halal purchase intention among non-Muslims in Malaysia: A structural equation modeling approach. *Journal of International Food & Agribusiness Marketing, 25*(1), 1-23. doi: https://doi.org/10.1080/08974438.2013.723997

Borzooei, M., & Asgari, M. (2013). The Halal brand personality and its effect on purchase intention. *Interdisciplinary Journal of Contemporary Research in Business, 5*(3), 481-491.

Ireland, J., & Rajabzadeh, S. A. (2011). UAE consumer concerns about halal products. *Journal of Islamic Marketing, 2*(3), 274-283. doi: https://doi.org/10.1108/17590831111164796

Kalantari, K. (2009). *Structural equation modeling in social-economic studies (with LISREL & SMPLIS program).* Tehran, Iran: Farhang Saba.

Lada, S., Tanaknjal, G. H., & Amin, H. (2009). Predicting intention to choose halal products using theory of reasoned action. *International Journal of Islamic and Middle Eastern Finance and Management, 2*(1), 66-76. doi: https://doi.org/10.1108/17538390910946276

Mohtar, N. M., Amirmordin, N. A., & Haron, H. (2014). Ayamas food corporation Sdn. Bhd: A study on the factors of consumer behaviour towards Halal product selection. *Procedia-Social and Behavioral Sciences, 121*(2), 166-185. doi: https://doi.org/10.1016/j.sbspro.2014.01.1118

Rajagopal, S., Ramanan, S., Visvanathan, R., & Satapathy, S. (2011). Halal certification: Implication for marketers in UAE. *Journal of Islamic Marketing, 2*(2), 138-153. doi: https://doi.org/10.1108/17590831111139857

Rezai, G., Mohamed, Z., & Shamsudin, M. N. (2012). Non-muslim consumers’ understanding of Halal principles in Malaysia. *Journal of Islamic Marketing, 3*(1), 35-46. doi: https://doi.org/10.1108/17590831211206572
Rios, R. E., Riquelme, H. E., & Abdelaziz, Y. (2014). Do halal certification country of origin and brand name familiarity matter? *Asia Pacific Journal of Marketing and Logistics, 26*(5), 665-686. doi: https://doi.org/10.1108/apjml-03-2014-0046

Shaari, J. A. N., & Arifin, N. S. (2009). Dimension of halal purchase intention: A preliminary study. Paper presented at the *American Business Research Conference*, New York, NY.

Shirkhodayi, M., & Amirhosein N. (2013). The role of attitude to halal brand certification in generating brand equity. *Two Scientific-Research Journals of Islamic Management, 2*, 127-149.

Tieman, M., & Ghazali, M. C. (2013). Principles in halal purchasing. *Journal of Islamic Marketing, 4*(3), 281-293. doi: https://doi.org/10.1108/JIMA-01-2012-0004

Tieman, M., van der Vorst, J. G., & Ghazali, M. C. (2012). Principles in halal supply chain management. *Journal of Islamic Marketing, 3*(3), 217-243. doi: https://doi.org/10.1108/17590831211259727

Wilson, J. (2012). Looking at Islamic marketing, branding and Muslim consumer behaviour beyond the 7P’s. *Journal of Islamic Marketing, 3*(3), 212-216. doi: https://doi.org/10.1108/17590831211259718

Wilson, J. A., & Liu, J. (2010). Shaping the halal into a brand? *Journal of Islamic Marketing, 1*(2), 107-123. doi: https://doi.org/10.1108/17590831011055851

Wilson, J. A., & Liu, J. (2011). The challenges of Islamic branding: Navigating emotions and halal. *Journal of Islamic Marketing, 2*(1), 28-42. doi: https://doi.org/10.1108/1759083111115222

Yunos, R. M., Mahmood, C. F. C., & Mansor, N. H. A. (2014). Understanding mechanisms to promote halal industry—the stakeholders’ views. *Procedia-Social and Behavioral Sciences, 130*, 160-166.

Yusof, Y. M., & Jusoh, W. W. (2014). Islamic branding: The understanding and perception. *Procedia-Social and Behavioral Sciences, 130*, 179-185. doi: https://doi.org/10.1016/j.sbspro.2014.04.022

*******************************************************************************