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THE EFFECT OF ISLAMIC APPEAL PROMOTIONAL STRATEGIES USED BY MULTINATIONAL BRANDS IN SAUDI ARABIA

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ABSTRACT

Many multinational companies identify Saudi Arabia as the leading business hub in the North Africa and Middle East. Multinational corporation or companies refer to multinational enterprises (MNEs) or foreign firms that conduct business in Saudi Arabia and whose parent organizations or corporations are located abroad. Multi-National Corporations could also include joint venture companies that are partly owned by businesspersons of Saudi Origin or Saudi government. Culture plays a principal role in influencing the market forces. This is not different in Saudi Arabia. Culture entails external effects that manipulate a consumer's decision in a particular direction. Some of the principal components of culture include; belief, morals, knowledge, customs and any other habits influenced by the environment. In many instances, marketers find culture as a serious problematic and difficult to comprehend. Therefore, this study seeks to investigate the direct relationship between sales and Islamic appeal promotional campaigns by multinational brands in Saudi Arabia. This study used qualitative and quantitative approach to gather the primary data through interview and questionnaire survey. The obtained result reveals that Saudi consumers have minimal effect on their buying behavior due to religious endorsements in advertisements.

INTRODUCTION

Branding is defined as a process of creating a name or developing a characteristic of a good or service to create recognition in the mind of a consumer [1]. Branding does not take place overnight; it requires time and myriads of exposure to penetrate a new market [2]. A consumer perception and behavior can be influenced by marketing strategy of a company [3-5].

It is documented that one sixth of world's population consists of Muslims and the number of people who adopt Islam as a religion is escalating at a high rate [6]. Islamic Appeal promotional campaigns include various strategies and techniques that multinational companies employ in building brands that appeal

to Muslim consumers [6]. Effective promotion makes a company realize its goals. Many multinational corporations have mentioned a range of regulations in Muslim nations as a barrier to sale outputs. Saudi Arabia hosts a number of Multinational corporations in the sectors of Banking and finance, petrochemical, telecommunication and information technology, building and construction, agriculture and food industry. The roles of such companies are quite many in Saudi Arabia [1].

Saudi Arabia has a high consumer purchasing power. It has been rated as a significant business hub for both international and local companies. Because of its soaring consumer capacity, there has been a stiff brand competition amongst various companies. To stay ahead of others, the companies apply different brand promotional strategies [7]. To understand the business environment, one must understand the premises of Islam as a religion. Saudi Arabia is the Islam cradle. The two holiest Islam sites are in Saudi Arabia; Medina and Mecca. The most important mosque to all Muslims in the world is in Mecca, and all Muslims pay it allegiance. As a pillar of Islam, each Muslim is advised to travel to Mecca at least once in a lifetime. Other pillars include a declaration of Allah as the only supreme God, and daily prayer. Islam dictates all facets of a Saudi Arabian, and all laws in the country are based on Sharia.

For a company to remain relevant and accepted to the Muslim consumer, it needs to show appreciation and respect the diversity of the human race [8, 9]. Corporations that do not fully adhere to this component still find it hard to penetrate into the market. These create a distinction between those entities that seek to appeal to Islamic consumers and those that do business without special strategy. Including terms that glorify certain ethnic communities in Saudi Arabia enhances marketing chances. In terms of ethnic communities, a corporation will use specific community celebrities in marketing their products. Additionally, it can also capture the appreciation the types of eating habits and mode of dressing.

Adherence to justice principles and fairness is also a form of branding appeal. Most Islam communities believe in the justice and fairness component as envisaged in the Quran. Business corporations that operate without heeding to this while advertising risk facing rebellion from consumers. Prejudice and a pride are inherent components of human nature, and many marketers fail to shrug this off while trying to allure consumers. The reason some corporations lose out on the competition platform is the negligence. The choice to adhere to or not to creates the gap between profits and lose making.

Women play a main role in world's business sector. In cases where women are neglected or left behind the market, forces destabilize. Role of women is a principal component that branding corporations in Saudi Arabia have given a special focus. In a Muslim society, the Quran equally treats both men and women. Corporations that do not create opportunities for women in Saudi Arabia tend to lose touch with the larger consumer population. It is also important to note that according to the current trend, many women graduate from the universities [1].

Modesty is also a major component in branding of products in Saudi Arabia. Modesty illustrates moderation of behavior and language in the promotion with an obligation of showing respect to consumers [7]. There is a variance in attitude and perception. Ministry of Information in Saudi Arabia has outlined guidelines for television ads. All cooperation must adhere to the set regulations. Western marketing strategies do not give special focus to modesty in branding because sex sells to their consumers. In Saudi Arabia, it is very difficult to use sex to market a product. Products that are not easy to market in Saudi include Condoms. It takes bravery to brand and promote condom in Saudi Arabia as it is considered unethical.

The global Muslim population represents a remarkably big opportunity for corporations from all corners of the world [10]. The Muslim appeal branding should not only be restricted to Saudi Arabia or Middle East. It has been identified that many western brands have very qualified brand expertise but they only lack cultural awareness of Islamic markets. It is also upon the Muslim branding corporations to march up the western expertise in capturing the Muslim consumer.

As it stands today, there are a number of good prospects for foreign companies want to invest in Saudi Arabian market. The corporations only need to follow the marketing procedures and techniques in developing and sustaining company-consumer relationship. Being that the Saudi government needs the foreign corporations in exploiting the opportunities in the economy, there should be a technique of the dealing with the Islamic consumer appeals. The Saudi market should be constantly reviewing its product adaptation and change. Therefore, this study determines the effect of Islamic appeal promotional strategies used by multinational brands in Saudi Arabia.

METHODOLOGY

Research methodology is the process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information. This study will be conducted via a mixed research approach. A methodology, that consists of qualitative and quantitative research approach.

The questionnaire survey is used to determine the relationship between sales and Islamic appeal promotional campaigns by multinational brands in Jeddah, Saudi Arabia. The quantitative research method will be beneficial to this study, as it will help in generating a numerical data that will help in transforming the data into statistics that are usable. Specifically, the quantitative method will help the study to quantify attitudes, behaviors, opinions and other defined consumer and brand variables. The sampling method will be representative enough to give a picture of the whole Saudi Arabia Kingdom.

In the study, a mini-focus group consists of 3 employees from different multinational brands and industries. The mini-focus group discussion will be used in as a qualitative approach to gain first-hand information about the study. Qualitative research techniques have truly many advantages in seeking for

information and knowledge. In such discussions, it is easy to identify and clarify specific responses, especially those that are related to sources of information about attitudes, assumptions, products and life. It also assists in the development of a study's hypothesis. Lastly, focused group discussions assist researchers in interpretation of quantitative results to support assumptions.

Qualitative

Qualitative research is a method inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and further context. Therefore a mini-focus group consisting of three participants was conducted. The open ended style questions are designed related to the sales and Islamic appeal promotional campaigns by multinational brands in Saudi Arabia.

Quantitative

Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques. This study used questionnaire survey to gather the primary data. The questionnaire questions were designed as closed ended style. The sample of that participated in the questionnaire survey are about 100 consumers, which randomly selected from Jeddah.

Result And Discussion

Survey Findings

Figure 1 illustrates that majority about 55% of the respondents do not recognize an Islamic appeal on certain brands in Saudi Arabia. There is 35% of the respondents claim they recognize an Islamic appeal on certain brands in Saudi Arabia and 10% of the respondents do not aware of any.

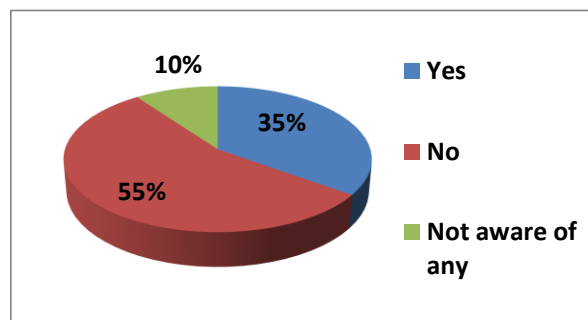


Figure 1: Respondents answer on “Do you recognize an Islamic appeal on certain brands in Saudi Arabia?”

Figure 2 shows that equally 35% of the respondents each for yes and no regarding having an Islamic appeal in brands in Saudi Arabia is attracting more customers. There is 30% of the respondents do not aware of any.

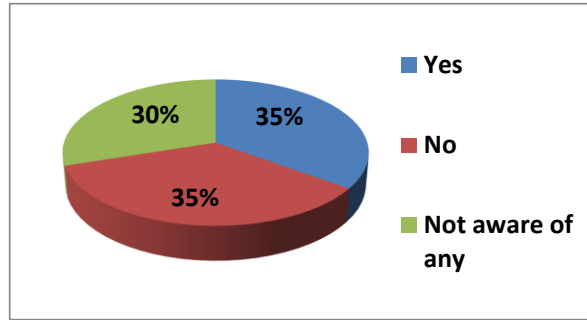


Figure 2: Respondents answer on “Do you think having an Islamic appeal in brands in Saudi Arabia is attracting more customers?”

Figure 3 illustrates that majority about 45% of the respondents will depending on the product rather than simply loyal on having an Islamic appeal in brands. There are 28% of the respondents claims no and only 27% claim yes on having an Islamic appeal in brands make them more loyal to it.

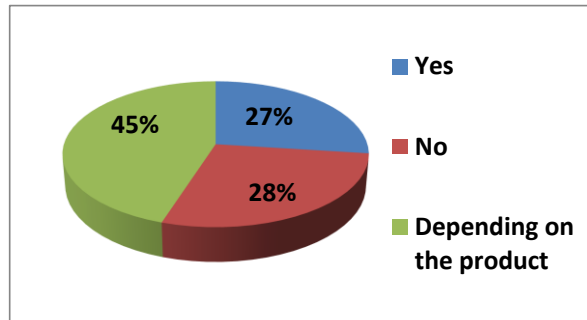


Figure 3; Respondents answer on “Does having an Islamic appeal in brands make you more loyal to it?”

Figure 4 indicates that majority of the respondents about 45% agree that brands in Saudi Arabia should enhance the Islamic appeal. While there are 40% of the respondents claim depending on the product and only 15% of the respondents does not think brands in Saudi Arabia should enhance the Islamic appeal.

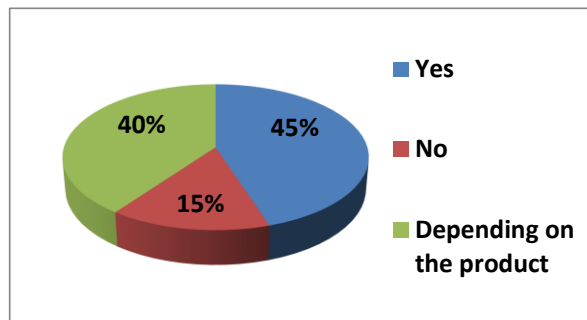


Figure 4: Respondents answer on “Do you think the brands in Saudi Arabia should enhance the Islamic appeal?”

Figure 5 demonstrates that majority about 55% of the respondents support the brands depending on the product. There are 35% of the respondents agree to support the Islamic appeal in brands, while there are 10% of the respondents not agree to support the Islamic appeal in brands.

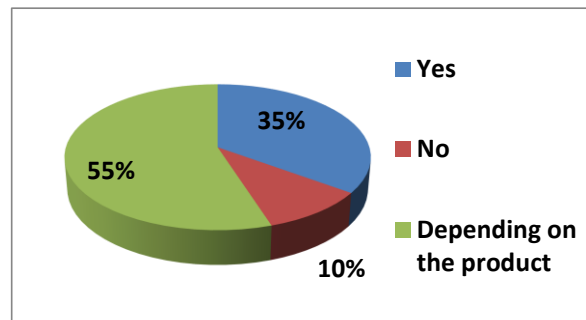


Figure 5: Respondents answer on “Do you support the Islamic appeal in brands?”

Figure 6 illustrates that majority about 60% of the respondents would promote their products or services by implementing Islamic strategies, if they own their business in Saudi. There are 20% of the respondents claim depending on the product and 15% of the respondents claim for maybe. There are only 5% of the respondents would not promote their products or services by implementing Islamic strategies.

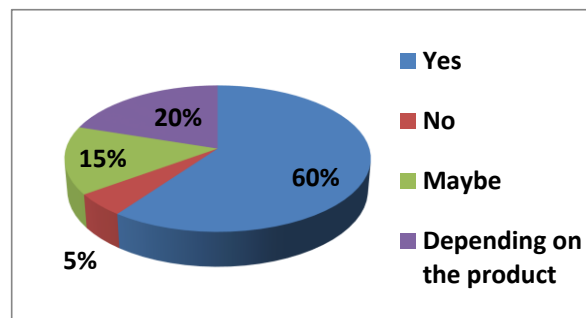


Figure 6: Respondents answer on” If you had your own business in Saudi, would you promote your products or services by implementing Islamic strategies?”

Focus Group Findings

The first question is “Have you encountered advertising involving religious messages? Name three products that do so.” The first respondent claims for never encountered advertising involving religious messages. The second respondent claims some apps in iTunes, and certain kinds of hygienic products also advertising involving religious messages. The third respondent claims yes and provides some example such as Vimto and Zain.

The second question is “What are the main seasons when companies use religious endorsements for advertising? Why?” The first respondent said Ramadan, because people tend to be more spiritual. The second respondent said Ramadan, as this is the holy month and a religious season. The third respondent also claims that Ramadan is the main season of religious endorsement advertising.

The third question is “As a Muslim consumer does your purchase decision change due to religious advertising? Why or why not?” The first respondent claims no, because the respondent looking for is the product itself and what benefits gain when buying it, not what the company represents. The second respondent claims will depend on the aspect of advertising such as charity work. The third respondent claims for yes, as in some products, the religious aspect should be more enhanced.

The fourth question is “Name the major months in which companies use this type of appeals in advertising.” The first and third respondents claim that Ramadan is the major months in which companies use this type of appeals in advertising. The second respondent added that Muharram also another major months in which companies use this type of appeals in advertising.

The fifth question is “In some product categories, if religious endorsements are removed, will you still buy or not buy the product? Why or why not?” The first respondent said yes and will still buy it, because the respondent cares more about the product itself more than the endorsements. The second respondent said yes, religious endorsement won't affect their decision. It would support it only. The third respondent also said yes, because some products have nothing to do with it.

The sixth question is” Provide 3 main reasons in favor of religious advertising.” The first respondent said it reminds people of their religion, can be used in charity, and strong way to convince some people. The second respondent highlights for charity work, people's faith, and easily convincing. The third respondent claims reminder of faith, gives a good picture about Islam, and emphasize on religious aspects.

The seventh question is “Provide 3 main drawbacks you see as a consumer of religious advertising.” The first respondent claims that some companies might lie while using it, creates problems with extremist, and can make the company forget that they should spend more money in improving the product not religious advertisements. The second respondent outlines that fraud, misusing religion's aspect, and manipulating people are the main drawbacks. The third respondent said it can be misleading sometimes.

The eighth question is “Suggest 3 ways of making religious advertising more useful.” The first respondent suggested focus on the philanthropic side because most religious support that. The second respondent recommended making it more official or supported by the government. The third respondent advised to avoid discrimination.

The last question is “In your opinion religious advertising should be continued or not? Why or why not?” The first respondent claims no, because companies are on it and forgetting the product aspect, plus, it's considered misleading. The second respondent claims yes, as it should be continued but more regulated because it is highly beneficial when used correctly. The third respondent said it should be continued but in specific products.

In this focus group, all the answers were similar regarding the months that the religious advertisements are used more, which is Ramadan, and the benefits of having an emphasis on the religious aspect in specific month. Throughout the discussion they have only had conflict in the continuous of the religious advertisements.

Recommendations

Advertising is a form of communication where the advertiser is typically communicating to the consumer why they should invest in the particular product. Although this study is very limited and further detailed investigations is required. This study concluded through the research that Saudi consumers have minimal effect on their buying behavior due to religious endorsements in advertisements. The recommendations are that consumers should be more careful while experiencing religious based advertising messages in the holy months and become more informed consumers. Next, the companies should use religious appeals in products/services linked to charity and humanity concerns in order to focus on the ethical issues. In addition, companies should not use religious endorsements to mislead and provide false information as it harms the company, brand, product/service as well as the image in the mind of the consumer. Religious advertising should be regulated by the government in order to have a check-and-balance on the information being provided to the consumers.

CONCLUSION

Advertising can be classified as the business to draw public attention towards a brand, product or service. Obviously, some strategies have the ability to be more subjective than others. Customers at the end are simply buying the name and the concepts that go along with it communicated through clever advertising. As discussed, there are many advertising appeals that are used by companies and brands worldwide for various products and in different seasons.

It is morally wrong to use manipulative, exploitative, corrupt and corrupting methods of persuasion and motivation. Advertising generally is believed to be based on mostly false information to lure the consumer in to the buying trap. In many cases, benevolent social institutions, including those of a religious nature us, use advertising to communicate their messages. Advertisers use messages of faith, of patriotism, of tolerance, messages concerning health and education, constructive helpful messages that educate and motivate people in a variety of beneficial ways. Also, not many consumers in Jeddah recognize advertising messages being intentionally linked to religion in order to attract the Muslim consumer to buy the product. According to consumers, brands

focusing on religious appeals are not attracting a large number of consumers just due to this factor, there are many other factors involved in consumer choice such as price, quality, location etc. Limited number of surveyed consumers believes that brands with religious appeals make them more loyal to the brand. In accordance with consumer, religious appeals should be used in accordance with the product/service being offered. They pointed out that consumers will make a buying decision based on the product/service being advertised.

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