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Halal Food Market

Report Categories:

Special Certification - Organic/Kosher/Halal
Market Development Reports

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Report Highlights:

With a Muslim population estimated at 20 million, the EU-28 has an annual growth of around 15 percent in a halal food market worth an estimated 30 billion dollars. With the largest Muslim population in Europe (an estimated 4.7 million), the French halal market accounts for about 8 billion dollars of the total. Thanks to its large Muslim population and the dynamism of its halal market, the fastest growing segment of the French food market, France serves as the hub for production and distribution of halal products in the EU.

Even though the European halal market should grow by around US\$100 million in the coming year, the European market is quite fragmented. France, Germany, United Kingdom, the Netherlands, Spain and Italy have significant Muslim populations, but these populations originated from different countries and regions and the food habits of these diverse populations are extremely different. American suppliers of halal products must take regional differences into account when looking at each as potential export market.

Supermarkets, hypermarkets and food distribution chains are increasing their share of halal distribution, capitalizing on E A C CC E C CA AC -halal consumers. Best prospects for U.S. exporters are savory grocery products, confectionary products, ready-to-eat products, and frozen meals.

General Information:

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Summary

With a Muslim population estimated at 20 million, the EU-28 enjoys an annual growth rate of around 15 percent in a halal food market worth US\$30 billion. France has the largest Muslim population in Europe (an estimated 4.7 million) and its halal market is valued at around \$8 billion. Because of its large Muslim population and the dynamism of its halal market, France is considered the hub of the halal market in Europe.

Even though the European halal market should grow by around US\$100 million in the coming year, the European market is quite fragmented. France has a Muslim population originating mainly from North Africa; Germany, a Muslim population from Turkey; the United Kingdom, from communities in India, Pakistan and Bangladesh; the Netherlands, from Indonesia, Turkey and Morocco; and Spain and Italy have new migration flows mainly from North Africa. The food habits of these diverse populations are extremely different, and products in demand vary by country. American suppliers of halal products must take regional differences into account when looking at each as potential export market.

Halal food products have been present on supermarket shelves for the past ten years, but in 2009 there was a surge in the development in the halal food market with the introduction of mass media advertising campaigns, especially through national television advertising. Consequently, many new retail products were launched and supermarket chains are now devoting more space to these products. Although traditional stores continue to dominate the halal market, supermarkets, hypermarkets, and other speciality retail chains are increasing their offerings of halal products, capitalizing on the desire of younger consumer to have the same choices as non-halal consumers. The bulk of halal products sold are meats and deli products, but the demand for grocery products is rising and is, to a great extent, underserved. The availability of grocery products has been somewhat basic (dry fruits and vegetables, oil, spices, olives, sauces), but new processed foods (canned ravioli) and frozen food (pizzas, kebabs) have begun to enter the market.

There is an opportunity for U.S. suppliers in this expanding new market. Best prospects for U.S. exporters are sodas and juices, sauces, condiments, confectionary products, ready-to-eat products, frozen meals, vegetarian products, and snack foods.

Consumption – Higher Consumer Expectations with Increasing Product Availability

Opportunities in the Halal Market

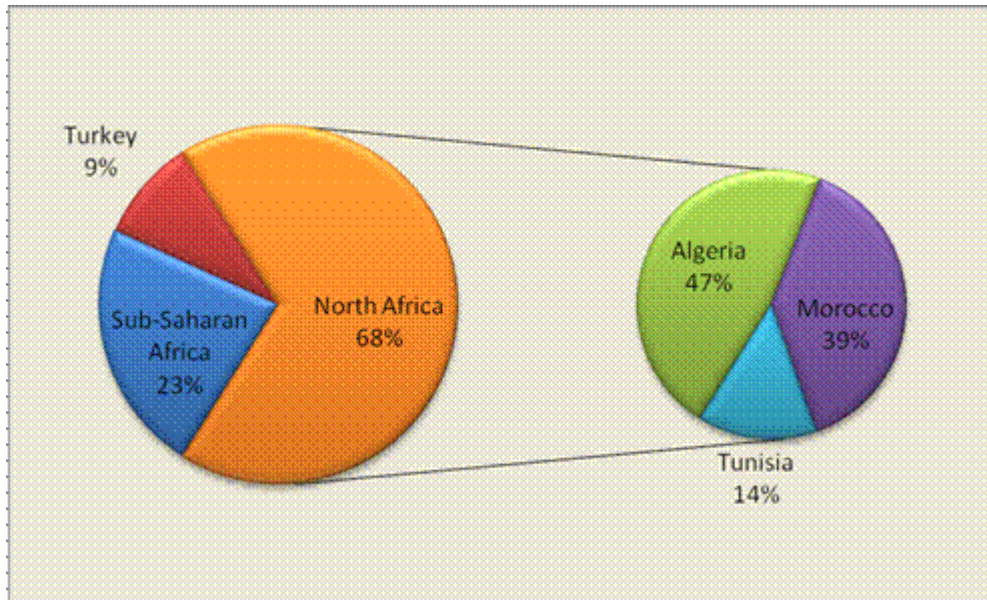
- An estimated annual turnover of 30 billion dollars
- A two digit growth market
- High consumer expectation
- Increasing product availability
- Better organized channels of distribution
- The arrival of a new generations of consumers

Consumer Profile - An Increase in Demand with the Arrival of a new Generation of Decision Makers

DA A A C CB C EC C For example, products such as merguez and kebabs are popular with the French Muslim population but less so in England. Nevertheless, France serves as a hub in the European halal market and introducing a product here is a good first step, since halal food industry

players in France also supply neighboring countries.

The Muslim Population by Origin in France



Source: AB Associates Conseil

The growing base of halal consumers in Europe and France in particular are looking for:

- visibility in the supermarket shelves
- more precision in the quality and composition of the products
- a sophisticated marketing approach
- C E AC DA
- brands that match their generation and way of life

According to a market study released by Sutralis in 2012, Halal consumers spend 30 percent of their income (\$5,500) on food products compared to 14 percent for the consumers of conventional food products. There is also a higher level of meat consumption among halal consumers.

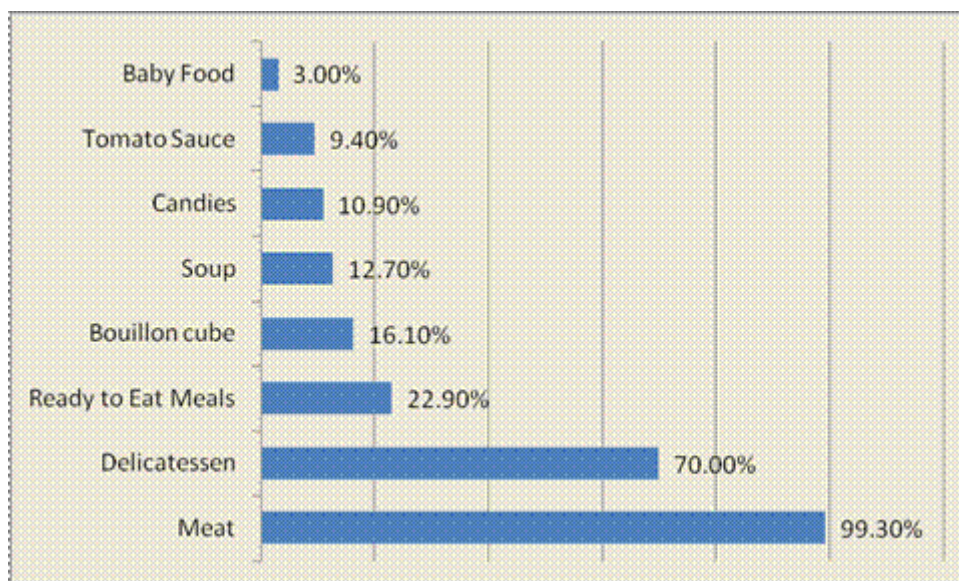
Halal consumer profiles can be categorized as follows:

1. **Seniors**, who are first generation immigrants to Europe. They are looking for traditional food, and make
A C D A E AC C B AC
2. **Consumers in their 40s** are also prefer traditional foods but are more varied shoppers. They are looking for canned and vacuum-packed food products. They prefer shopping in supermarkets.
3. The **younger generation** is part of a consumption society and is influenced by the new food trends, e.g., fast food and snacking. They are looking for ready-to-eat products, frozen products and processed products.
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certification. They also prefer to shop at supermarkets.



Advertisement for the brand Isla Délice promoting halal food product during Ramadan.

Halal Consumer Preferences Consumption by Product Area (Includes Multiple Responses)



Source: AB associates Conseil – Distribution Outlets in France

Halal meat consumption accounts for 10-15 percent of the French meat market, or around 400,000 tons per year. On average, French halal consumers purchase about twice as much meat as non-halal consumers. French halal consumers also tend to purchase beverages in larger, family-sized containers, especially juices and sodas.

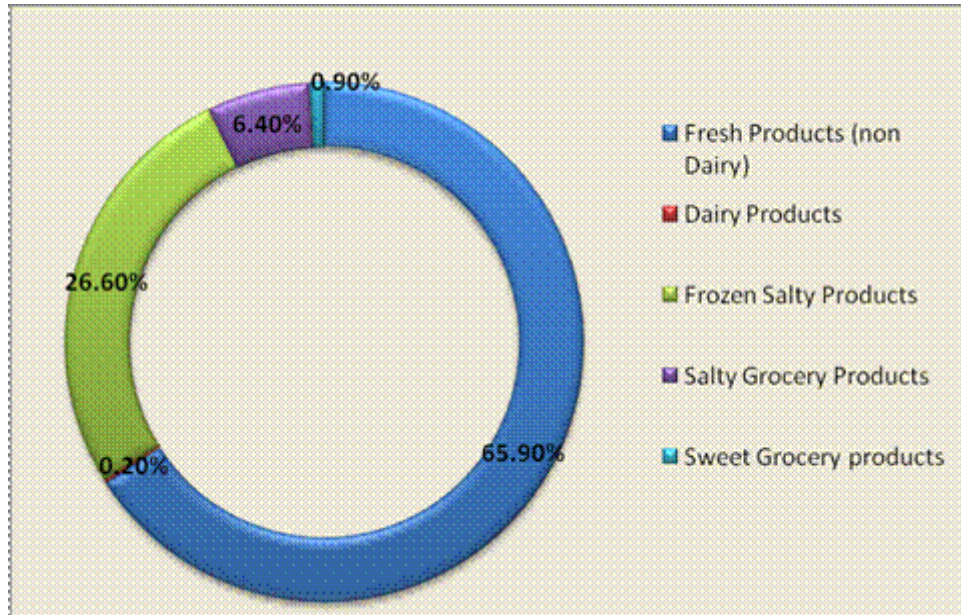
Market Trends – Strong Demand for Frozen Products, Ready-to-Eat Meals, and Confectionaries

Meat and deli products account for 66 percent of all halal products sold by value. Due to the lack of availability, grocery

products have a market share of only 8 percent. The high percentage of meat in total halal consumption reflects consumer preferences, but also influenced by the limited availability of processed and fresh products.

Processed Products: The range of grocery products have been relatively basic; however, new products, such as processed foods (ravioli or lasagna), confectionary products and frozen ready-to-eat meals (pizzas, kebabs) have begun to enter the market. In 2010, a study showed that sales of salty grocery and confectionary products rose by 58 percent and 66 percent, respectively. This information highlights the demand for a wider range of products. The best sales growth by product area were in candies, with an annual growth of 116 percent, and soups that increased by 400 percent.

Market Share in Value



Source Nielsen France.

For many halal consumers, restricting consumption to halal products has not reduced their desire for multi-ethnic tastes. Multinationals have recognized this and are entering the French halal market offering a wider variety of halal processed foods and products, including halal foie gras, spring rolls, chicken nuggets, ravioli, lasagna, pizza, and baby food. These products are marketed with specialized packaging and logos that identify the products as halal to consumers. Still, the demand for a wider range of products is high and relatively unmet.

Another growing sector of foods is comprised of substitutes for products that traditionally contain non-halal (haram) ingredients, such as pork gelatin or alcohol. These products, which include yogurt, biscuits, and chocolates, are now being modified so that they can be marketed as halal. According to the sales department of Auchan (one of the leading supermarket chains), businesses are offering them new halal products on a weekly basis. A C C C C C noted that, although halal consumers want to respect their traditions and religion, they simultaneously want to be modern in the foods that they eat. Thus, there exists a genuine interest in diverse food products typically eaten by other cultures, as long as they are processed in a manner that is consistent with halal requirements.

Halal Certification – Good Certification is a Key for Success

Certification of grocery products, while important, is not as critical as for meat products. While some consumers are looking for the stamp of a certifying authority they trust, others are not as label conscious.

There are no government-established standards, since halal is seen as a religious attestation and not a sanitary or phytosanitary requirement. In France, the government is only involved in halal certification to the extent that it has designated the three main mosques as the only distributors of permits for halal slaughter. Otherwise, the government does not play a role in regulating halal labels.

The method of slaughtering animals consists of using a well-sharpened knife to make a swift, deep incision that cuts the front of the throat, the carotid artery, windpipe, and jugular veins. The head of an animal that is slaughtered using halal methods is aligned in direction to the Mecca. In addition to the direction, permitted animals should be slaughtered upon utterance of the Islamic prayer "in the name of God."

The absence of government-recognized halal certification requirements has resulted in consumer skepticism of products labeled as halal. According to Muslim community leaders and French experts, only an estimated 5 to 10 percent of the meat sold in France labeled as halal was, in fact, produced in accordance with halal requirements. The Grand Mosque of Paris oversees 70 percent of the distribution of halal products in France.

Halal food producers can choose to have their products certified by one of the main mosques or a private company. The criteria for halal certification varies among the three main mosques and private companies. While halal certification is not required, it allows consumers to judge better whether the product they consume meets their criteria for halal. The majority of consumers (91 percent) are looking for the stamp of a certifying authority they trust.

Private agency halal certification is rising alongside the market for halal products. A variety of private agencies, including *À Votre Service* (AVS) and the Muslim Conseil International (MCI), provide halal certification for meat and non-meat food products. Private agencies guarantee that food products are halal certified through a variety of measures, including having on-the-spot inspectors and imposing strict traceability practices. There is no mutual equivalence between American and European halal certification; therefore, American suppliers of halal food products are advised to select a reputable and traceable halal certification method in order to gain European consumer confidence. The biggest hurdle to overcome in marketing efforts is that halal consumers often do not believe in the authenticity of halal claims by brands, vendors, and sometimes not even from the local butchers. Having a halal certification that is widely recognized by European consumers will be a definite advantage in the market.

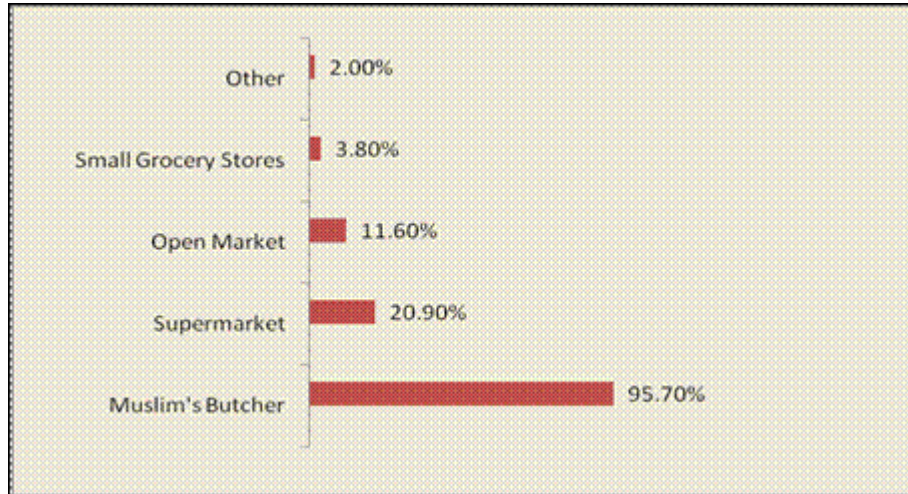
Retail – The Rise of Supermarket Chains

There are three types of retail outlets in Europe:

- traditional markets
- supermarkets
- specialty stores

In France, the traditional markets are the most important sales outlet valued at \$6.5 billion in 2010, followed by the food service (\$1.5 billion), and the supermarket distribution at \$200 million.

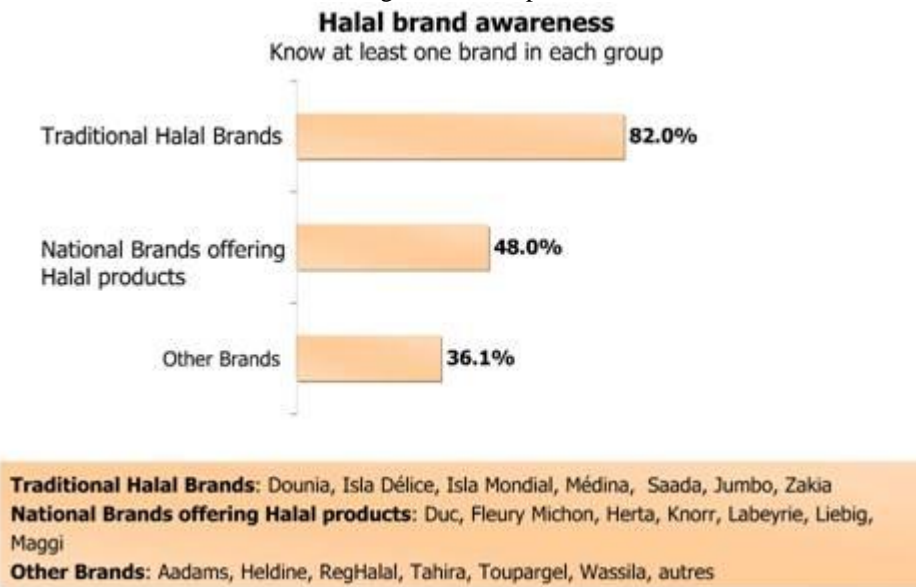
Consumers Preference for Purchasing Food Products *(Includes Multiple Responses)*



Source: AB associates Conseil – Distribution Outlets in France

Traditional Markets

Halal butcher shops continue to play an important role in the retail distribution of halal meat and poultry. Roughly 3,000 halal butcher shops and traditional convenience stores in France control 80 percent of the halal market. Of the 3,000 halal butcher shops throughout France, 700 are in Paris and 200 in Lyon. In the region of Paris, 42 percent of the local butcher shops are halal. These shops are mainly located in communities with large Muslim populations. The three major wholesalers for these point of sales are Feder, Sébiane and Douania. Feder is the leader with 1,000 customers in France and Europe, with sales of \$3.6 million and an annual growth of 10 percent.



Source: AB Associates Conseil

The strength:

These outlets represent 80 percent of the market and do not require much advertizing investment. There is a good

relationship between the customer and the salesperson and the number of products offered is wider than in supermarkets.

The weakness:

Only the first generation of immigrants and not the majority of halal consumers shop to these points of sales.

Supermarkets

According to a private research report by Sutralis carried out in 2011, supermarkets recorded \$210 million in sales with a growth of 10.5 percent and a 27 percent market share, up from 20 percent five years ago. Supermarkets target young adults who are already used to shopping in their stores and who are looking for high-end products and ease of preparation. Large supermarkets located in the suburbs recorded a growth of sales of 15 percent, and smaller supermarkets located inside the city recorded a growth valued at 35 percent. Discount stores also recorded a strong growth of 35 percent in 2011 with a value of \$38 million sales.

The main supermarket chains offering a range of halal products are Casino, Carrefour, and Auchan. Nevertheless, the location of an individual supermarket will dictate whether it has a significant halal offering or not.

The supermarket chains are also developing their own branded halal products. The two major brands in France are Wassila, created by Casino in 2009 with around thirty different products, and Carrefour Halal launched in 2011 with forty different products, including frozen and fresh products.



Halal shelves at a Casino supermarket.

The Strength:

The strong visibility of the supermarket chains in throughout country. There is a strong growth in sales of halal food

products, especially grocery and confectionary products. Supermarkets target a young and dynamic population looking for upscale and innovative products.

The Weakness:

The offer is still relatively limited for grocery, confectionary, and dairy products. The investment required to get a product placed on a supermarket shelf can be quite high.

Specialty Stores

Price, and Euro Primeurs. The opening of these new specialized stores shows the potential and the attraction of the halal market in Europe. The stores are large and colorful with a modern set up and respond to the requirements of the new, more demanding generation of consumers.

The Strength:

Serious and trustable halal certifications are guaranteed. The range of products is large with recognized brands manufactured in France or North Africa.

The Weakness:

There are still very few specialized stores. As independent stores, they do not have the communication tools available to supermarket chains.

Food Service Distribution – A Growing and Promising Sector

According to the consultant agency Solis, the food service industry for halal food is worth 1.3 billion dollars in France alone and has a fast food focus. In terms of the food service industry, finding halal products explicitly offered on restaurant menus is still limited to ethnic restaurants that specialize in North African or Middle Eastern cuisine and halal-oriented fast-food chains. However, the number of these restaurants is increasing rapidly. Quick, a French fast food chain has switched 8 of its 350 restaurants to serve halal certified products only. The demand for halal fast food is growing, and 71 percent of the French Muslims have the habit of eating in these restaurants. counter KFC (Kentucky fried Chicken) which serves halal chicken in 36 of its restaurants. The magazine, *France Pizza*, reported that halal pizzas make up and estimated 40 percent of pizza deliveries. In 2005, Beurger King Muslim (no relation to the American Burger King) opened in a Parisian suburb an -food restaurant to serve exclusively halal products. It has been enjoying great success. Halal alternatives to KFC, like Euro Fried Chicken and Halal Fried Chicken, have also sprung up around France and have been well received.



France - a Hub among the EU 28

France exports 200,000 metric tons of halal meat and 200,000 metric tons of halal poultry to North Africa and the Middle East each year. Some grocery products, including confectionary are also exported to North Africa. The supermarket chain Casino uses affiliated companies to export its products abroad. European companies are also showing interest in many Asian countries like Malaysia, Pakistan, India, and Indonesia. In addition to France, several other European countries, including Germany, Belgium, the United Kingdom and Turkey, are developing their export businesses.

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Trade Shows in France

Paris Halal Expo

Paris Porte de Versailles

(Annual Show)

Website: www.parishalalexpo.com

Euro Halal Market

Brussels

(Annual Show)

Website: www.eurohalalmarket.eu

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Halal Importers

The Office of Agricultural Affairs has a list of halal food importers, available upon request.
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