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Halal Food
Thai Halal Food Products and International Market

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Abstract

This paper aims to examine salient issues in the Halal food business with special focus on entering Thai Halal food products into international market. Market screening plays an important role in entering new market or setting up the business in the foreign country. In this paper we have analyzed the importance of Halal Food for the Muslims and explained the growth of Halal food in French markets. The study focuses attention on the identification of key areas in Halal food export and channel strategy. The Thai food industry is amongst dynamic and diverse and we investigated the entering process into the new market. Thai food product is selected to compare and find the competitive advantage.
Chapter 1. Introduction

1.1 Introduction

In this chapter we discussed and explained the general overview of this paper background, research purpose, problem, research question and scope of study. This introduction part allows the readers to get the general idea of what our thesis is about.

**Halal** means permitted or lawful follows as Islamic laws. Halal foods are foods that are allowed under Islamic dietary guidelines. Halal foods not only limited ideas for Muslim but also provide to everyone because the main important of Halal food is foods are cleanness in every process and follow from Halal standard which might different in each country. حلال This Arabic letters called "Halal" which are usually use on food product packages. It's a symbol of food are allowed for Muslims and means cleanness follow from food production standard. Halal food as food taken by Muslims that does not contain pork, animals that were dead prior to slaughtering, animals not slaughtered properly or not slaughtered in the name of Allah, blood and blood by products, carnivorous animals, land animals without external ears and alcohol. Most food producer point of view, Halal food is a pork free, birds of prey, and alcoholic free food for the Muslims that when labeled/presented as such to the market, shall provide enormous economic gain. (Regenstein et al. 2003)

This research paper focus on Thai Halal food and characteristic of Halal food in France markets moreover compared Thai Halal products with France products and find competitive advantage which concern with Thai Halal food products weakness and threat. We explore process of internationalization that includes distribution channel and marketing programs. We decided to study Halal food products because of growing demand but less competition intensively that would be good opportunity of Thailand. We tried to find the best suitable way to access Thai Halal food products into that country before dept study in demand of customer, channel to access and customer behavior. We explained step by step process to enter into international markets.

Basically Halal food standard is use in every country but some countries has different requirement so this paper presents Halal food market, environment factors such Halal food standard regulation, international marketing program, and competitive advantage specifically in France markets. It might not limited knowledge only the way to enter Thai food products but we also found the different characteristic of Thai and France markets.
1.2 Background

Almost twenty years ago, the term Halal and Haram were not popular and were not used in the world food industry commonly. Today, it has been great increase known as an important dominant element of the food industry. However, when the population increases it outpaced the Halal food supply and Muslim trader was compelled to import foods from agriculturally leading countries which include Thailand. But unfortunately, most of the imported food products, especially those from Europe, failed to pass the Halal guidelines of Islamic Law. Therefore, these Muslims people have not enough alternative of food in European countries because they have to avoided foods that did not follow the dietary standard of Halal. The Halal marketplace is emerging as one of the most profitable and influential market arenas in the world food business today. The word “Halal” is not just a purely issue or guarantee that product is permitted for Muslims people but it has become a global symbol for quality assurance and lifestyle choice. (E-Halal organization 2010)

“Thailand is one country that has potential in food which can be a hub of Halal food. Since Thailand has advantages in raw materials. With both government and the private agencies sector is ready to accept the driving standards of Halal food products” (The Thailand Board of Investment 2008) Halal food market is one of the world's largest food market value, including U.S. $ 80,000 million. Thailand is a country that has the potential to produce Halal food but has shared a U.S. $ 200 million or 8,000 million baht from total market share or the world” (Department of Livestock and Institute of Halal food standards 2010) However “Thai government attempt to support Thailand is a center of Halal products and try to active Halal export increase the world's top 4.” (The Halal standard institute of Thailand 2010)

According to USDA Foreign Agricultural Service (2006) states that “With Europe's largest population of Muslim's, France leads the European Halal market by volume, estimated at 4-8 million in 2005. The Halal market is worth about 150€ billion worldwide, 15€ billion in Europe, and about 1.5-3€ billion in France. No government recognized Halal certification requirements currently exist in France. The Grand Mosque of Paris plays a key role in the Halal certification process, though private Halal certification agencies are starting to build their reputation. Local Muslim butcher shops continue to dominate the Halal meat market, although meat industries have recently entered the market. Hypermarkets and multinational
food product producers are starting to reach out to Muslim consumers by offering a wider selection of Halal food products. The biggest challenge is gaining consumer confidence.”

After discussing the reasons above we have become interested to focus on Halal food from Thailand as it can be high quality, low cost, higher profit, and excess capacity. Opportunities for Thai Halal food include: High demand of consumer, Halal food industry growth, Thai government support and expect to be Halal hub. Weakness can be defined as unaccepted from international markets due to producer lack of understanding of Islamic laws. Threat comes from competitors such as Malaysia, Turkey and UK. So we will analyze all these factors and find out advantages in France market.

1.3 Research purpose
Aim to explore step by step process of entering Thai Halal food into international markets especially in France markets. The factors that affect customer’s behavior in food especially Thai Halal food products and the confident of customer in Thai Halal food products. Finding opportunity in France markets and trends of food perspective.

1.3.1 The desired benefit of the study
To know the way of entering in France markets and develop Thai Halal food business according to customer needs and future food trends. Finally implementing the international distribution channels and marketing operation.

1.3.2 Problem
There is lack of international Halal food market experience in France markets because Thailand is non-Muslim country. Halal standard might have special requirements in France moreover different in food culture and traditions so we have to investigate the true story of Halal food markets in France.

1.3.3 Research Question
We keep in mind to study “How to enter Thai Halal food products into France market?” The way to entry in France markets has many factors such as Halal food demand, financial or economic different with Thailand, different production standard, Competitors, languages & culture, and transportation.
1.3.4 Scope of study

Study processes of internationalization to develop and expand Thai Halal food products in France Markets. Special Focus is on meat industry.
Chapter 2. Methodology

In this chapter we discussed and explained research approach, research philosophy, research method, data collection methods and truth criteria. We defined and argued for the choices, we made in our research.

2.1 Research Approach

There are two research approaches available i.e. inductive approach and deductive approach.

2.1.1. Inductive Approach

The inductive research approach is a ‘bottom up’ approach. It starts from a specific area and ends up by generalizing. According to the Bryman and Bell, in inductive approach first data is collected and then relationship between the observations is found. Generally the end result of inductive approach is the new theory which can be generalized to the entire subject area. (Bryman and Bell, 2007, p. 13-14)

Inductive approach is normally associated with qualitative research. It has flexible structure to allow changes in research as research progress. In inductive approach researcher is part of the research process. This research is concerned with the particular context in which relating events takes place and there is no rigid methodology that allows for alternative explanation of research problem. (Saunders, Lewis and Thornhill, 2009, p. 127)

2.1.2. Deductive Approach

This approach starts from more general to specific. In other words it is ‘top down’ approach. According to Bryman and Bell, the deduction approach starts from the existing theory, from which hypothesis are developed and then tested. Then on the basis of results, hypothesis are accepted or rejected. Then the last step of deductive approach is induction i.e. the researcher adds his findings to the existing stock of theory. (Bryman and Bell, 2007, p. 11-12)

Another important feature of deductive approach is that the causal relationship between the variable is explained. Generally this approach is associated with scientific research and the concepts should be operationalized that enables facts to be measured numerically. (Saunders, Lewis and Thornhill, 2009, p.124-125). Our research is concerned with the study and analysis of Halal Food Market and Entering in the new Market. For conducting our analysis we have to study the existing theories and practices of Halal Food Business specifically in Europe and
Asia. Thus we have to start from the already available theories, and therefore most of our arguments will be based upon these existing theories, laws, rules and accepted principles in the field of Halal Food Business, which is a central theme of the deductive approach. (Gummesson, 2000, p. 63)

But we are not exclusively towards the deductive approach, as the existing theories in the field of Halal Food Business markets are very limited and are not very conclusive, therefore cannot fulfill our requirements. Moreover we are not developing any hypothesis to find the empirical relationship with any existing theory, as is the normally case in deductive approach. Since we are studying the Halal Food Business, for this we developed our own theoretical framework from the existing literature on Halal Food Business and entering into market. In this way we are little towards inductive but we are not entirely inductive too, as we are using the existing theories as foundation of our research. Therefore, we are using both the approaches i.e. deductive approach is used in order to use the existing theories as foundation and inductive approach is used as letting our findings influence the literature on Halal Food Business. So we can say that we are mostly "deductive" but that there are elements of "induction". (ibid, p. 64)

2.2. Research philosophy

There are many research philosophies in research dealing with different kinds of research problems and subject areas, like positivism, hermeneutics, realism, pragmatism, interpretive, objectivism, and constructions. The selection of a particular research philosophy depends upon the researcher’s thinking about his problem area. However we are concerned with the following two philosophies:

2.3. Research Method

We have considered three research methods in order to solve our problem. These models are qualitative, quantitative and pluralistic research methods.

2.3.1. Qualitative Method

Qualitative research method is used when the researcher intends to get a clear picture of the research problem, by analyzing and interpreting what people say about a certain phenomena. In this method data is not available in proper standardized form like statistical and mathematical. Qualitative studies can be done in the form of case studies, observations,
biographical method, and experience survey etc. (Bryman and Bell, 2007, p. 28). A common phenomenon of Qualitative research is that it mostly relies on words rather than the quantification of data. It is mostly associated with inductive research, the end result of which is the generation of theories. Qualitative research rejects the positivistic approach and natural scientific model and emphasizes how individuals interpret their social world. (Saunders, Lewis and Thornhill, 2009, p. 28)

2.3.2. Quantitative Method

Quantitative research method is used normally when data is in the forms of numbers, digits or in other statistical and mathematical form, which can be easily measured numerically. In this type or research observations are all in standardized form. (Bryman and Bell, 2007, p. 28) Quantitative research emphasizes on quantification of data during their collection and analysis. It normally uses the deductive approach to test the relationship between theory and research. Quantitative method follows the practices of positivism research philosophy and that of natural sciences. (Saunders, Lewis and Thornhill, 2009, p. 28). Quantitative is normally used as a synonym for any data collection technique or any data analysis procedure that leads to numerical data. (ibid, p. 151)

2.3.3. Pluralistic Method

Third research method is the Pluralistic method. This is a mixture of both qualitative and quantitative methods. In this method qualitative method is a foundation to quantitative method. (Bryman and Bell, 2007, p. 14)

After analyzing all three research methods and there relevance to our problem statement we selected the qualitative research method. Because the data we have collected to solve problem statement does not exclusively contain the number and is not in the numerical standardize format. It is mostly based on the literature review and we will rely on words rather than numbers. We did not use any mathematical and statistical tool for collecting and analysis of data in our research. Secondly our research has some components of inductive approach which is normally the case with qualitative research. Moreover we are not developing any relationship between any variables as it happens in the quantitative research. Though the end result of qualitative research is the generation of new theory but this is not always true. There are examples where qualitative research which was employed to test and not to generate
theories. (Saunders, Lewis and Thornhill, 2009, p. 29) So it is a qualitative research method of our thesis.

2.4. Data collection method

As this is a qualitative research, our main sources of information for data collection are the secondary sources including literature review, different books, articles and web resources. We searched different articles with terms including Halal Food, Muslim Food, Food Business, and Halal Food Market. We mainly searched from a entering into a new business prospective. We have also taken the interviews of different food importer, exporter, distributor or wholesaler operating in Europe.

We tried to maximum use university databases for finding articles but since this is relatively a new concept therefore we found a few articles and for further information we have to go to the web sources. We searched for different business magazines, news papers and video sources on internet. We obtained recent facts and figures about Halal Food from the Malaysian Halal Food web Page. We also visited different companies’ website that are or have done the Halal Food Business, for getting the latest information on the topic and on the present issues.

2.5 Truth Criteria

2.5.1. Reliability

Reliability means ‘consistency’ of the measurement, means whether the measurement used will produce the same results in the future or not. It also poses the question, whether the same observations will be drawn by another researcher? (ibid, p. 156) Different authors have different point of view regarding the reliability, particularly in the qualitative research.

Since this is a qualitative research and our research area is also very dynamic because it is rapidly developing, new theories and different point of views keeps changing the subject area. But in current circumstances this research is very reliable and we believe that the data we collected is as true as possible. We collected the data from most authentic sources. There is always possibility of getting different results in qualitative research providing that the research problem is different or if data is collected from different sources and different ways. Saying that ‘there is always room of improvement’, more data could have been collected by visiting the different Halal Food Companies located in different parts of the world, but due to
money constraint this was not possible. However, we believe that the data collected for this research is very authentic and reliable in the current situation.

2.5.2 Validity

The term validity has been defined by different authors differently in qualitative research. There are different points of views regarding the validity of a qualitative research and there is not a single universal concept to which all authors agreed upon. In fact this is “rather a contingent construct, inescapably grounded in the processes and intentions of particular research methodologies and projects” (Winter, 2000, p.1). But generally all researchers are agreed on the validity of a qualitative research, though in different meanings. Validity means that the research undertaken achieves the purpose for which it was undertaken. It is also sometime referred to as the ‘accuracy’ for easy understanding.
Chapter 3. Theoretical Framework

In this chapter we discussed and explained five stages of entering Halal Food products in the international market. We have also explained the characteristic of the different international markets.

Halal products are already becoming mainstream products. Being Halal is necessary as this is the Target Market. Halal products are universal products. Halal products in the export markets can be failed due to poor entering strategy, poor product adaptability to suit the local taste requirement. Halal markets are not similar to other markets everywhere. Each is a fragmented market by ethnicity, location, income and a few other determinants. Therefore, a one-size-fits-all strategy simply cannot work. Product adaptability in each target market needs to be considered seriously. As with the case of other food products, consumer requirements may differ across the region.

According to Czinkota & Ronkainen (2007) states that we can divide five stages to study how to enter Thai Halal food product into international markets.

3.1 Stage 1: Decision to internationalize
3.2 Stage 2: Analysis of international marketing environment
3.3 Stage 3: Entering international markets
3.4 Stage 4: International marketing program
3.5 Stage 5: Implementing the international marketing program

3.1 Stage 1: Decision to internationalize

Our study drive behind Thai Halal product expands to international markets. There are three reasons according to us because of which people can be interested in Thai Halal food products.

3.1.1 Halal food essence for every Muslim consumer around the world
3.1.2 Demand and needs of Halal food are growing up
3.1.3 Thai resources and food production

3.1.1 Halal food essence for every Muslim consumer around the world

Muslims have to follow in God regulation called Halal mean correct but in the term of food Halal mean clean and allow to eat considered by doesn’t contain “pork, carnivorous animals,
animals that were dead prior to slaughtering, animal doesn’t slaughtered in the name of Allah, blood and blood by products, birds of prey, land animals without external ears and alcohol.” (Saad, F. 2010)

3.1.2 Demand and Needs of Halal Food are growing up

In the old times, many Muslim countries grow most of their food requirements locally or purchase them from other Muslim countries. However, with the passage of time when the population increases it outpaced the food supply. “The estimate Muslim population worldwide in 2010 is 1,654,941,394 Moreover the estimates of the World Muslim population from 2000 to 2075 are growing”. (Houssain, K. 2010). “The global Halal food industry estimated to be worth more than $650 billion in 2009 this is a major business and the opportunities are substantial.”(Al Nisa Publishing LLC 2009). Including market in Europe “France, with the largest population of Muslims in Europe (an estimated 4 to 8 million in 2005), is a strong Halal marketplace for these products.” (USDA Foreign Agricultural Service 2006)

3.1.3 Thai resources and food production

Thailand has abundant of food raw material and production potential, high quality, low labor cost that are advantage to compete in Halal food market competitions. Now Thailand is looking in Halal business opportunity which can be Hub of Halal food. Both government and private agencies try to support Thai Halal food. They promote it into other countries and open conference for training Thai producer to understand correct way of Halal food production. Moreover set up Halal organization to check and examine before and after getting Halal certificate. According to Department of Livestock and Institute of Halal food standards (2010) Thailand have share a U.S. $ 200 million from total share of the world U.S. $ 80,000 million. That means Thailand still participates less than capacities which Thailand can produce so it has a lot of opportunities that are waiting for Thai food in Halal food markets.

3.2 Stage 2 Analysis of international marketing environment

According to Czinkota & Ronkainen (2007) state that the variables of the macro environment are categorized in different ways, the most notable being the PEST framework (political/legal, economic, social-cultural, and technological). France is one of the largest and most diverse countries in Europe. The country’s workforce is among the world’s leaders in
technology research and industry. With over 60 million residents, France is one of the most modern countries in the world and is a leader among European nations. Since 1958, it has constructed a republican form of democracy resistant to the instabilities experienced during previous regimes. In recent years, its reconciliation and cooperation with Germany have been central to the economic integration of Europe, including the advent of the Euro in January 1999. France has been able to outline its political and economic future as a member of the European Union and seeks to exploit the momentum of monetary union to advance the creation of a more unified and capable European defense and security apparatus. (Gide Loyrette Nouel 2010)

France Bordered by Spain, Italy, Switzerland, Germany, Luxembourg and Belgium, France has always been a center for international trade and commerce. France is Europe’s biggest agricultural center and the world’s second-largest agricultural producer, after the United States. But France is also a leader in services and high technology, with a long tradition of innovation. Its cutting edge technology allied with a strong industrial structure makes France the fourth-largest Western industrialized economy with a GDP of $1.654 trillion. France is a highly centralized country in which Paris plays a leading role in government and business. However, there are several large cities, including Lyon, Marseille, Bordeaux and Lille. The SNCF (Société Nationale des Chemins de Fer Français) operates an extensive national railway system throughout France and into neighboring countries. Hence, using its modern railroads, its High Speed Trains (TGV-Trains à Grande Vitesse) and a highly organized road network, France has been able to connect even its smallest cities. Indeed, a number of roads (routes) and highways (autoroutes) cross France. French highways provide very good access to the largest towns and cities. Dunkerque, Le Havre, Brest, Saint-Nazaire, Bordeaux and Marseille are the most important French harbors. Brest and Toulon are the two naval bases of significant importance. Currently, there are over 140 airports operating in France, including a number of international and regional airports. Paris has some of Europe’s most important international airports (Roissys-Charles de Gaulle, Orly and Chateau-Roux) and five large train stations (Gare Montparnasse, Gare de Lyon, Gare d’Austerlitz, Gare de l’Est, Gare du Nord). The other major international airports are Lyon Saint-Exupery, Marseille Provence, Nice Côte d’Azur and Strasbourg. (Gide Loyrette Nouel 2010)

A dynamic services sector accounts for an increasingly large share of economic activity and is responsible for nearly all job creation in recent years. GDP growth averaged 2% between
1994 and 1998, 3% in 2000 and 2.5% in 2004. Unfortunately, France is plagued with a high level of unemployment despite the fact that the economy has grown steadily for the past decade. Creating jobs and reducing the high employment rate has been a top priority for the French government and is the rationale for the 35 hours legal workweek. Despite significant reform and privatization over the past 15 years, the government continues to control a large share of economic activity. As a matter of fact, the government continues to own shares in corporations in a wide range of sectors including banking, energy production and distribution, automobiles, transportation and telecommunications. Yet, although gas and electricity are almost entirely controlled by the government, a European directive has been transposed into the French internal system which puts an end to the monopoly of the national electricity provider, Electricité de France (EDF), at least for industrial clients. A similar evolution has taken place with Gaz de France (GDF), the national gas provider. However, the European Union pressures France to privatize both companies and liberalize its market for average customers. A similar movement is pushing the French government towards less involvement in the economy. France, along with 10 other countries from the European Union adopted the Euro as its new currency on January 1999. Henceforth, monetary policy will be set by the European Central Bank in Frankfurt. The introduction of the new coins and bills in January 2002 occurred quite smoothly and the Euro has generally been a success, though it is still sometimes difficult for older people to adapt to the new currency. For the first quarter of 2005, the average exchange rate was €0.76 for $1 and 1.31$ for €1. (Gide Loyrette Nouel 2010)

French is the only official language. Some older generations also speak dialects that are specific to their region. Those languages are Breton, Alsatian, Basque, Catalan, Flemish, Provençal and Corsican. Although France is deeply rooted in its regional culture and traditions, there are no religious or cultural influences or prohibitions on the way business is conducted. Yet, France’s political history makes it certainly more aware of the social aspect of doing business. (Gide Loyrette Nouel 2010)

3.2.1 France general characteristics Halal food markets.

Halal food market size in France is estimated at 17.4 US Dollar, Muslim population around 7 million people and increasing. Approximately 70% are Muslims from Morocco, Algeria, and Tunisia and another 30% are Turkish, and Muslims in Africa. Halal food market in France
are growing up and better than another countries in Europe. There is growing focus on Muslim consumer needs. Firstly France develops about meat but now there are import Halal products from many countries for example Halal ready meal, soup, ingredient and etc. Now there is increase in Halal Food shop due to increasing demand. In last two years well known consumer brands and big companies shown great interest in the Halal market, where a range of Halal products are introduced for the Muslim consumers. (HDC 2005)

Halal markets are growing and good potential due to Muslim population about 6,122,856 peoples are increasing which estimated at 7 million people. Halal markets just started to develop in last four year had been increased. In 1998 meat segments are dominated which market share is expending from 10% to 15%. Halal meat and another product are located in east of France, Paris, Marseille and Lyon. Now well know brand or big companies are concerning in Halal standard and have lunched to notably supermarket such Carrefour, Franprix, Auchan and Leclerc accounted about 20% but another 80% sold by specialized Halal butchery shops. Now shop based in France around 2,000-3,000 such fast food and pizzerias moreover food service and catering companies have started to show interest in Halal food products such hotels, canteen, Airline companies and etc. Most of the French Muslims have a lower purchasing power compared to French population. They spend money around 30% of income. (USDA Foreign Agricultural Service 2006)

Halal certification applies to meat and nonmeat products. Certification requirements for Halal food products in France may be different from those in other European countries. It is advised that exporters verify the acceptability of certification with their importers. The absence of government-recognized Halal certification requirements has contributed to french consumer disbelief about products labeled as Halal. Thus, the primary challenge is gaining consumer confidence in the Halal designation. (USDA Foreign Agricultural Service 2007)

3.2.2 Competitive Advantages.
According to Czinkota & Ronkainen (2007) states that managing competitive advantage as a process: implications for the control and implementation of marketing strategy. Their model of the process of competitive advantage is shown in Exhibit 1
Source of competitive advantage

According to Czinkota & Ronkainen (2007), there are only two sources of competitive advantage for a firm it has either superior skills, or superior resources, and hopefully both. ‘Superior skills’ is competencies. Superior resources imply greater stocks of financial and other capital, better productive capacity, better location, access to supply and the like.

A). Thai beef VS France beef

Thai Beef
According to Food and Agriculture Organization of United Nations (2002) states that The Department of Livestock Development (1996) has identified a number of other problems that also confront the Thai beef industry. These are as follows: Efficiency in beef production is low, have no standard price, and have no standard for export because of poor beef processing procedures and facilities. A major problem that the beef industry faces is smuggling from Myanmar which is Thailand borders on the west.

France Beef
According to Department of Animal Science - Oklahoma State University (1997) states that France beef have high quality because they have good breeds such as Limousin and Charolais. In addition France continues to develop breed of cattle so their cattle are still referred to as the "butcher's animal" in France and also exported to England, USA and Canada. Beef price in France is not over than 3 Euro per Kg but beef from Limounsin are more expensive than other breeds. (Agri benchmark 2007)
B). Frozen processed food Thai VS France

Thai processed food
According to Board of Investment (BOI) in Thailand (2010) states that Thai food processors are increasingly developing frozen food products to keep up with the changing consumer preferences, and as Thai ready-to-eat (RTE) food gains popularity overseas. Thailand’s major processed food export value, which grew significantly at 30% in 2008, will continue to grow because of rich agricultural roots and resources, combined with its investments in international quality standards, technology, and research and development (R&D) for food safety, and more than 80% of the raw materials used being locally sourced at low prices.

France processed food
According to USDA Foreign Agricultural Service (2006) states that multinationals have entered the French Halal market offering a wider variety of Halal processed foods and non-meat Halal products, which include Chinese spring rolls, chicken nuggets, raviolis, and pizzas. Nestlé offers Halal soups under the brand name, Maggi, which are produced in its Moroccan factories, and is currently studying ways in which it can expand its range of ethnic products. International brands such as Maggi, Liebig and French firms like Duc and Fleury Michon have all started selling Halal options. They now compete with established Halal brands such as Zakia, Isla Delice and Medina.

3.2.3 International competitors
According to Czinkota & Ronkainen (2007), competitors’ strengths and weakness are based upon the existence or absence of assets or skills. Thus, to analyse competitors’ strengths and weaknesses, it is necessary to identify the assets and skills that are relevant to the industry.

3.2.3.1 Malaysia
Strengths According to Standard & Quality news (Aug 2004) Malaysia has a strong reputation as an exporter of Halal products, and this sector is expanding rapidly. By doing so it is bringing in foreign investment, setting up Halal industrial parks and promoting links with foreign ports. Malaysia's strength as a Halal food-producing centre is large domestic and regional Halal market. Another factor is the government support in this sector. The government allows Halal product producers a 100% Investment Tax Allowance (ITA) for the first five years of operation, in effect, offsetting investment costs with a tax break on income.
Halal industries are also exempt from import duties on raw materials and government provides help with expenses incurred in meeting international regulatory standards.

**Weakness** Malaysia does not have a huge amount of scope for expanding its agricultural output, given its geography. Grazing land for cattle, for example, is in relatively short supply. Therefore, a lot of the inputs particularly meat will need to be sourced from abroad in future.

### 3.2.3.2 England

**Strengths** According to BBC news (16 February 2010) England has Halal industrial park proposed for south Wales. News of the proposed £150m Super Halal Industrial Park (SHIP) was revealed at an Islamic finance summit in London. The industrial park could create up to 3,000 jobs and would make the UK a landmark Halal centre for the region. It would provide services like storage freezers, a product packing centre, and raw material storage for manufacturers for food production. Meat selection and processing as well as research and development would also be offered. A successful first project in the UK could lead to others across Europe - possibly in France, Germany and other parts of Europe.

**Weakness** Raw material or food resources in England are different from Thailand moreover labor cost which can made Halal food price in England higher than Thailand moreover food production skill or product taste are different. However Halal food Industry Park just starting therefore this project still has problem because of its instability so might have weakness which Thailand can compete with England in Franc markets.

### 3.2.3.3 Turkey

**Strengths** According to Cesarettin state in TÜBİTAK Marmara Research Centre Food Institute (2003), Turkey is a Muslim country because Muslim populations about 70-80% therefore it’s not difficulty in finding raw materials for Halal food (sufficient varieties and quantities of agricultural production). Agriculture in GDP: 11.3% (2004) relatively cheap labor force. Food establishments 27.000 by number mostly SMEs and top three Cerals, F&V, Milk and Dairy. The Capacity used 66% Food in Export mainly to EU especially meat and meat product.
**Weakness** Turkish agriculture’s relatively low since agricultural grow this restrained by some structural deficiencies fragmented and small holdings (67% of the 4 Million farms are 0.1-5 hectares), lack of strong farmers’ organizations. Insufficient integration and cooperation between agriculture and agro-industry, some quality and safety problems in agriculture, and need to improve the official food control system in line with the EU legislation, rather low investments in research and development, some technology and capacity utilization problems of food producing SMEs. ([Cesarettin, TÜBİTAK Marmara Research Centre Food Institute 2003](#))

### 3.2.3.4 Brazil

**Strengths** According to [Gulf News (11 May 2010)](http://www.gulfnews.com) reported Brazil is one of the largest producers of chicken and beef in the world. Brazilian food products are supposed to be certified by Cibal Halal, the Brazilian Islamic Centre for Halal Food Stuff Association. “Most companies consider going Halal at this time,” said Eduardo Moraes, a representative of Brazilian multi-food products company Latinex International. Brazil has become a major supplier of foodstuffs to the Middle East region and Turkey, a large market in itself, and is leading the supply of Halal foods to European markets.

**Weakness** Brazil didn’t have intensive concern about Halal food market seriously because its non-Muslim country so in have less of Halal food producer than another country such as Malaysia, and England. Brazil focuses on Middle-East Asia such as UAE. Moreover Brazil has less local companies used innovation Technology for Halal food production and lack of Halal production knowledge.

### 3.3 Stage 3: Entering international markets

#### 3.3.1 Export entry mode

According to Czinkota & Ronkainen (2007) state that the international. Participation in the international marketplace is within the grasp of even small firms. Firms that exports grow faster, are more productive, and have employee who tend to earn more. Even though some firms go international from the start most of them do so gradually. New activities in an unfair environment increase a firms’ risk. Therefore, companies must prepare their activities and adjust to the needs and opportunities of international markets in order to become long term participants.
Several ways for Thai Halal food companies to distribute their food items in France markets are as follows.

1. Export entry mode
2. Contractual entry mode
3. Investment entry mode

3.3.1.1 Direct Export

According to Halal Industry Development Corporation (2005) state that The European Commission is guideline for food product import and export procedure method and must to concern about the Common Agriculture Policy, CAP act and French customs. Food products have to present document to Document Administration then they will approve and calculate duties. Duties on each product are different depending on nature and value of that good. Basically value added on non-transformed agriculture product about 5.5% and another food product are transformed will pay around 19.6% moreover will charged special or specific taxes more for sensitive products as well.

Import/Export regulations

A). Banking

According to Gide Loyrette Nouel State in The World Leading Association of Independent Law Firms, that A foreign investor must maintain a bank account in France, since payments between residents and non-residents must be made in scriptural form (Decree of December 29, 1989 on financial relations with foreign countries) and all scriptural fund transfers between France and foreign countries must be made via credit establishments as defined by Banking Law of January 24, 1984.

B). Product Labeling

All packaging and notices attached to goods must be in French. Any foreign words or abbreviations must have been authorized by French law. The writing must be clear and non-promotional. The other basic labeling requirements are designation (state what the product is), brand names/trademarks (any names, symbols and marks relating to the product must be found on the exterior of the packaging, the product label, and the bottle-top or lid, as the case applies. Registered brand names and trademarks can only be used by the manufacturer), composition (all ingredients or material constituting the product is to be listed), usage instruction (explain how the product is to be used), required dates (these include when the
product was made, the date de fabrication, the consumption limit for perishable items, and recommended “use by” date – à consommer de préférence avant le – for pre-packaged and frozen food products), qualifiers (i.e.”made by hand” – fait à la main), name/address of the manufacturer or the vendor, specifications (must inform the consumer of any particular product limitations or sales conditions), price (the price, including all taxes, must be market on all pre-packaged goods, unless they are sold by mail order), quality and ecological labels (not mandatory), quality labels (i.e. the NF mark, meaning that the product complies with all applicable French standards), and Bar Code Price Labeling.

Regulations concerning pre-packed food products (art. R 112-9 and R 112-9-1 of the Code la consommation): for these products, the manufacturer has to mention on the package the sales name, the ingredients list, the quantity of the ingredients used, the net quantity, use-by date, the pre-packer identity, the product geographical origin, the instructions for use, the degree proof of alcohol, and the manufacturing pack. Most of these rules have been harmonized at the European level. (Gide Loyrette Nouel 2010)

3.3.1.2 Contractual entry mode

Franchises

According to Bersay & Associés (2009) three main forms of limited liability companies may be used:

1. The société sionyme (SA), which requires a minimum capital of 37,000 and a minimum of seven shareholders. The appointment of a statutory auditor is mandatory.

2. The société à responsabilité limitée (SARL/EURL), which can be incorporated by a sole shareholder without minimum capital, and does not need an auditor to be appointed unless some thresholds (turnover and number of employees) are reached.

3. The société par actions simplifiée (SAS/SASU), which currently requires a minimum capital of €37,000 and the appointment of a statutory auditor.

No specific taxation applies to franchisors. They are subject to the following main categories of taxes:

- Income taxes: Franchise is a company it will be taxed at 33.33% flat rate and individual franchise taxed maximum amount 40% of income.

- Value added tax: A flat rate of 19.6 per cent applies on all sales of goods or services in France. The fees paid to franchisor are on VAT
3.3.1.3 Investment entry mode

A). Manufacturing Requirements
According to Gide Loyrette Nouel State in The World Leading Association of Independent Law Firms, there are no manufacturing requirements for the product to contain ingredients or components, which are found or produced only in France. However, if the product contains certain prohibited ingredients or components, its import may be forbidden. Exporters should note that all goods entering France should conform to French and European Union standards. This is mandatory for all products fulfilling publicly funded contracts, as well as for machinery, tools, household appliances, sporting requirement, toys.

B). Joint Ventures
According to Gide Loyrette Nouel State in The World Leading Association of Independent Law Firms, a contractual joint venture is often only a first step and a vehicle for future expansion. In France, co-operation within the framework of a joint venture can be organized in three different ways. A joint venture can either be a simple contractual relationship that does not give rise to a common entity or it can be a common entity having either the form of a partnership (société de personnes) or a stock corporation (société de capitaux). The choice in this regard depends on several factors, among which are the length of the contemplated operation as well as the extent to which parties require the independence and autonomy of the common entity.

C). Shareholders’ meetings:
Shareholders exercise their control over the corporation through two types of meetings:
- Ordinary meetings: held at least once a year to approve the financial statements, decide upon the allocation of profits, appoint statutory auditors or authorize agreements between the company and its directors or corporate executives when said agreements do not concern those normally entered into by the company.
- Extraordinary meetings which are held to amend the by-laws, increase or reduce the share capital, decide major corporate reorganization. French law also provides for compulsory quorum and majority conditions. (Gide Loyrette Nouel 2010)
3.4 Stage 4: International marketing programs

Product development

Muslim in France prefer in their own culture because they are immigrant from other countries such as Morocco, Turkey and many Asian countries. However French styles became a part of their daily life for example fast food styles and other convenience food such as Pizza, Burger, Lasagna, nugget, sausage, tomato meat ball, spring roll, moreover food from another countries are also famous in France such as Italian, Greece, Turkish and Asian food. Thai food didn’t provide too much for ready meal or convenience food product but Thai food is popular in term of restaurant. Thai taste and styles are different from general French taste and styles. Thai Halal products can be successful in French markets if they adapt convenience food or fast food styles. Ready meal is a good choice for Thai Halal products but fresh products will not be suitable due to long distance transportation.

3.5 Stage 5: Implementing the international marketing program

3.5.1 Managing distribution channels in France markets.

Muslim butcher shops are main distributor for Halal food products in French markets. Muslim butcher shops are around 3,000 in France. Around 700 butcher shops in Paris and 200 shops in Lyon. They sell meat and other Halal product for Muslim community, Muslim community mostly stay nearly together and close to Mosque. Total Mosque in France is 876 which are located in different area see in Appendix 1. In these areas Muslim butcher shop sells different kind of Halal food products including imported products.

Supermarket and Hypermarket such as Carrefour, Casino and Auchan are trying to increase Halal food product for Muslim and non Muslim customers because non Muslim will not concentrate with Halal certificate or Halal logo on that product too much but Halal certificate can guarantee about cleanness and safety in that product. Demand of Halal food product can be increased in big supermarket and hypermarket for example Carrefour hypermarket are providing shelves around 200-300 square meters for Halal food products including 100 different brand such as Defial for beef, Mondial, Viande Service (MVS) for lamb and Chaplain for poultry. Both of distribution channels discussed above can expand to another segment such as restaurant, hospital, hotel, canteen, and airlines.
3.5.2 Managing marketing operations in France markets.

In this study, we have read the many articles which show the future of the Halal market as very bright. Many Halal Food producers companies’ management is generally aware of the current and future market of Halal food and their responsibilities in providing good, healthy, safe and permissible food. Fast food and other convenience food styles such as Pizza, Burger, Lasagna, nugget, sausage, tomato meat ball, spring roll, are already available in France. However amount of Halal fast food or convenience food available in France markets is not enough for the Muslim community.

Tropical Thai foods which have high technology processing to produce elaborate products are available in France markets. Local retailer or Muslim buster shop sell Halal meat at lower price than non Halal meat (USDA Foreign Agricultural Service 2006). France is a country where suitable for Halal food products. There have well enough Halal food demand. Their GDP, market growth rate, political stability is suitable for setting up Halal Food Business in France market and then can be expanded to other countries around Europe. Halal food is available in Muslim butcher shops, supermarket and hypermarket around France. Now Halal food is required from many retailer and wholesaler including hotels, canteen, hospital, and Airline. (USDA Foreign Agricultural Service 2006)

Promotion entails the different tools that firms have to get consumers to buy more of their products, possibly at higher prices. Advertising is what people think of by default, but promotion also includes coupons, in-store price promotions, in-store demonstrations, or premiums. A number of international as well as local food companies are currently being benefited from the Halal requirement and capturing larger markets locally and around the world. France has strong regulations on advertising. Advertisements on tobacco, alcohol, guns and ammunitions, medical sector (medicine and professions) and politics are strictly regulated. Having been forbidden for a long time, comparative advertising, despite being allowed since 1992 is also strongly regulated. Advertisement on television is forbidden for new movie release (but not tapes and DVD), press and newsmagazines and distribution. Advertising endangering the confidence in the State, as well as advertising promoting discrimination, reckless behavior, or that are false, secret or subliminal are forbidden. (Gide Loyrette Nouel 2010)
- **Communication tools**

For example Advertising, internet website, Email, Tradeshow, Personal selling, Business journal, Directory, Board of Investment activities between Thailand and France, and Government agreement between countries. *(The Thailand Board of Investment 2008)*

- **Thai and France Foreign Affair**

France is a member of European Union that Thai are doing agreement about Free Trade Area. In this year (2010) ASEAN want to do Free Trade Agreement but EU can’t accept some country so Thailand will negotiate with EU as international agreement only. EU pleasure that Thailand continue to contact and see market potential in Thailand are suitable for EU however this year is in process of negotiation but still doesn’t certain answer about this subject. *(Free Trade Area 2010)*
Chapter 4. Analysis

In this chapter we have discussed and analyze all points of the project design. This chapter reflects our personal point of view on how this particular thesis looks and is formatted in general.

Firstly we analyzed from PEST analysis, we found France is good enough to start Thai Halal food business because France has good infrastructure, stable economic, and demand of Halal food are increasing. France is a highly centralized country in which Paris plays a leading role in government and business and another large cities, including Lyon, Marseille, Bordeaux and Lille. The SNCF (Société Nationale des Chemins de Fer Français) operates an extensive national railway system throughout France and into neighboring countries. Hence, using its modern railroads, it’s High Speed Trains and a highly organized road network, France has been able to connect even its smallest cities. Indeed, a number of roads and highways cross France. French highways provide very good access to the largest towns and cities. Currently, there are over 140 airports operating in France, including a number of international and regional airports. Paris has some of Europe’s most important international airports (Roissy-Charles de Gaulle, Orly and Chateau-Roux) and five large train stations (Gare Montparnasse, Gare de Lyon, Gare d’Austerlitz, Gare de l’Est, Gare du Nord). Economic conditions in France stimulate investor to start business in this country due to GDP growth averaged 2% between 1994 and 1998, 3% in 2000 and 2.5% in 2004. France, along with 10 other countries from the European Union adopted the Euro as its new currency on January 1999. Henceforth, monetary policy will be set by the European Central Bank in Frankfurt.

Thailand has lot of opportunities towards becoming an international Halal hub because of the resources available and, with a strong commitment and efforts by the Government to strengthen the agro based industry. The combination of a good understanding of global Halal market trends, the right market segment to supply products and services gives Thailand a competitive advantage and this result in the growth of the Halal Food Products. In European countries Halal markets are growing and there is good potential because of increase in Muslim population. In France, Germany, Italy, Spain and United Kingdom there are good opportunities for Halal Food Business. But Market size of the France is more than the other countries which attracts the exporters to start the business in this country. France fulfills most of our criteria and thus exposes the best market opportunity for Thai Halal food products. After studying competitor countries and analyzing all the facts and figures in above stages we
have decided to select France as our only target market. Contractual entry mode is use to because franchises and joint ventures are the best way for entering and setting up the business in the France. As Muslim in France are immigrants from the other countries that’s why the traditional food of the area is included in daily life, and Halal food is considered as essential in majority of Muslim. Thai food didn’t provide too much for ready meal or convenience food product but Thai food is popular in term of restaurant.

Second we focus on Thai Halal food in France markets. Halal food market size in France is estimated at 17.4 US Dollar, Muslim population around 7 million people and still its increasing. From research we have seen that its better to avoid fresh beef products because France beef have high quality and better than Thai beef however Thai Halal food still have opportunity in processed food because of rich agricultural roots and resources, combined with its investments in international quality standards, technology, and research and development (R&D) for food safety, and more than 80% of the raw materials used being locally sourced at low prices. There are few local competitors if Thai Halal food products will be entered in French market then the main competition will be with Malaysia, England, Turkey, and Brazil with respect to processed Food.

Malaysia have strong research and development in Halal food sector because of government support But availability of Raw material in Thailand gives an advantage over the Malaysia. Direct export to France agents who do sale of food products to customers seems to be the simplest way to promote Thai Halal food to the France market. In addition local agent can makes marketing more effectively and they have more understanding the customer requirement. The second competitor Turkey’s food taste is close to Muslim immigrant in France so customer select Turkish product because they are use to of Turkish taste. But Availability of Thai Halal Food products can lower this demand as customer will have more choice. From many article and information showed that Thai processed food demand in France is located in east of France, Paris, Marseille and Lyon. Many well know brand and big companies are taking interest in Halal standard and have lunched many products in supermarket such as Carrefour, Franprix, Auchan and Leclerc accounted about 20% but another 80% is sold by specialized Halal butchery shops. So we can distribute Thai Halal food product both in supermarket/hypermarkets and general butchery shops which are close to Mosque or Muslims villages which can be seen in appendix 1.
French Muslims have a lower purchasing power compared to non Muslim French population and they buy low cost products such as sandwich, and take away meal in addition to that Muslim people prefer homemade food. They spend around 30% of income on food therefore Thai Halal food products can be good choice for them if they want to buy low price products.
Chapter 5. Conclusion

In this chapter the final impression of the thesis is explained. In this chapter we have generalized an answer for the problem statement which gives an easy understanding of this paper.

The way to entry Thai Halal food in France markets are Export entry mode, Contractual entry mode, and Investment entry mode and we also found useful information about food tax, quota, and regulation to export products and moreover regulation to direct investment such as joint venture in France markets. Direct export value added on non transformed agriculture product is about 5.5% and other food products which are transformed will pay around 19.6%. Although starting the Thai Halal Food Business is the new experience in the French market but the increasing number of Muslim population makes this business attractive. Culture difference also exist and it can be overcome to present Thai Halal Products in the French market and people will get to know about the food tradition of Thailand. We think if Thailand wants to involve in France markets then the more suitable way is to use export entry and contractual entry because Thailand have rich raw material and resources to produce processed food. The second advantage is lower cost of labor so it would be good if Thai processed food is produced and packed in Thailand and then exported to franchises in France markets.
List of Cited Literature


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Appendix 1 Map of Mosque in France by region

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