

Halal Tourism Industry in Indonesia:

The Opportunities and Challenges

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Abstract—Halal tourism becomes the most promising industry, including Indonesia. Springs up about a decade ago when Muslim travelers were beginning to be identified as a specific segment with particular needs. Muslims tourists are exploring new destinations and unique experiences. Their desire has made Muslim travelers are fastest-growing segments in the global travel industry. It should be the best time to seize this opportunity for the tourism industry to begin to take into account this market, to understand the needs of Muslim travelers, to create tailor-made products and services for Muslim tourists. The paper aims to analyze the opportunities and challenges of the Halal tourism industry in Indonesia. The methodology used in this research is secondary data analysis from literature reviews. This paper begins with a literature review on the existence of halal tourism and its aspects including object, aim, target, and other facilities. This data is analyzed based on the opportunities and challenges of Halal Tourism in Indonesia. The paper concludes that Indonesia has many opportunities in establishing the Halal tourism industry. A variety of destinations, the ability to deliver Muslim tourist needs and support from the government were some advantages to develop halal tourism in Indonesia. However, some issues related to Halal certification could be the challenges. Granting halal certificate is not the end and the goal, but maintain sustainability is a must. Further research is needed, especially on how Halal certification could be a national standard for all food stall and easily guide Muslim travelers regarding halal food issues.

Keywords—halal tourism, halal certification, opportunities, challenges, Indonesia

I. INTRODUCTION

Springs up about a decade ago when Muslim travelers were beginning to be identified as a specific segment with particular needs. Muslims tourists are exploring new destinations, unique experiences that diverge from their backyard. Their desire has made Muslim travelers are fastest-growing segments in the global travel industry. Immense opportunity markets that relatively untapped by stakeholders. It should be the best time to seize this opportunity for the tourism industry to begin to take into account this market, to understand the needs of Muslim travelers, to create tailor-made products and services for Muslim tourists. Mastercard was mentioned that Muslim

traveler's movement is expected to raise more than 230 million by 2026 and generate up to \$300 billion.

The paper analyses the opportunities and challenges of Halal tourism industry in Indonesia. Based on literature reviews, the paper describes the concept of halal tourism and the implementation in some countries and explains halal tourism in the case of Indonesia. Following this, the paper discusses the opportunities and challenges in developing Halal tourism industry in Indonesia.

Rest of the paper is organized as follows, Section I contains the introduction of study of halal tourism industry, Section II contain the related work of the concept of halal tourism and halal tourism in Indonesia, Section III contain research methodology that uses in this paper, Section IV describes discussion of the research, Section V concludes research work with future directions.

II. RELATED WORK

A. The concept of Halal Tourism

The concept of Halal comes from Arabic which means permitted. Muslim well-known term that not only applied to food but also can be applied to other aspects of life. The initial idea of using halal tourism was originated by the hotel industry after noticing the fruitful use of the Sharia in the banking and investment sector [1]. Halal tourism is used to provide tourism products and services for Muslim tourists, such as facilitating worship and dietary requirements in accordance with Islamic sharia. Conceptually, there is no absolute consensus on the terminology about what is halal tourism. Some researchers who are interested in this issue have several terms such as Halal tourism [2], Islamic tourism [3], and Muslim tourism [4].

Halal tourism is no different from traditional tourism, as this model is not always Islamic tourism. The religious intention is not in the itinerary program on the former model. Halal tourism can be anywhere as long as not prohibited by sharia. Muslims could attend on tourist objects or attractions in either Islamic or non-Islamic countries. Halal tourism as expanded to traditional tourism [5]. Instead, the travelers

hoping to enjoy the tour as well as get products and services that are suitable for sharia laws.

More government and business sectors grabbing this sector by offering new kinds of hospitality services that facilitate Muslim tourists to enjoy local attractions while still abiding by Sharia law. Various tour packages are specifically designed to meet Islamic tourism trends. This approach has also clearly been seen copied and applied around the globe, not only in major Muslim countries but also in non-Muslim countries. Japan, New Zealand, and South Korea are examples of non-OIC regular outbound destinations that boost this halal tourism in their priority. Japan is pushing to promote itself as a hospitable for Muslim travelers as the nation build on Tokyo's 2020 Olympics. The Japanese government reworking on their visa restrictions regulations and encouraging restaurants to provide halal food to attract Muslim travelers. Tourism New Zealand has officially launched Halal Guide, developed in partnership with the Federation of Islamic Associations of New Zealand (FIANZ) and the Kiwi Muslim Directory, giving an overview of halal options available around the country. The stakeholders embraced Muslim travelers to enjoy the great sceneries offered by nature without having to worry about getting halal food around the country. South Korea also has been actively involved to embrace this type of market. More Muslim-friendly restaurants were on The Korean government plan. The Korea Tourism Organization (KTO) was introduced categorized Muslim-friendly restaurants into 4 groups that meet strict requirements to get halal certification. KTO launched an eye-catching symbol to simplify information about halal food. Nowadays, halal tourism is already beyond imagination, airlines, hotels, and food services, are in the race to meet this demand. Henderson [6] suggests development strategy moves to design products and marketing methods that are directed to get the attention of both researchers and academics.

B. Halal Tourism in Indonesia

Tourism is one of the important components of economic revenue. In 2015, The Ministry of Tourism Republic of Indonesia reports that Tourism was the fourth foreign exchange revenue of the country, after oil and gas, charcoal, and palm oil industry. However, Indonesia's Central Bureau of Statistics stated that the overall foreign visitor arrivals increased rapidly, from about 8 million visitors in 2013 to more than 14 million visitors in 2017. Supporting this, in 2016, the President of Republic Indonesia stated that tourism is a reliable sector and has to be supported by all other sectors, especially related to infrastructure and transportation.

Regarding halal tourism, the government has sets of regulations in supporting the development of halal tourism. The regulation on tourism in Indonesia as stated on the Law of Tourism No.10/2009, article 3 stated that "Tourism affairs shall have a function to fulfill the physical, spiritual and intellectual needs of every tourist". Moreover, in article 5 regulated that "The tourism affairs shall highly uphold the religious norms and cultural values in the balance of the human being and god

almighty relationship". Additionally, Indonesia also has regulations related to sharia hotels, which regulate hotels to fulfill the sharia criteria. This particular regulation will be discussed later in this paper. Through the regulations, the government acknowledges the religious needs of tourists as well as requiring tourists to respect and appreciate local culture and religion in Indonesia.

Related to human capital, the majority population in Indonesia are Muslims. This is one of the privileges of Indonesia in developing the halal tourism industry because most Indonesian relatively have a good knowledge and understanding of the need of Muslim tourists. Moreover, the high population of Muslims in Indonesia indicates a large number of domestic Muslim tourists in Indonesia. Therefore, Halal tourism industry has a potential market both from the international and domestic markets.

III. METHODOLOGY

The methodology used in this research is secondary data analysis from literature reviews. Secondary data analysis is the analysis of data from other researchers for a new purpose [7] and existing data sets are finished available resource for addressing further research that contains lots of variables to develop a new interest [8]. In this paper, secondary data is taken on websites, books, articles, and journal publications. This paper begins with literature reviews on the existence of halal tourism and its aspects including object, aim, target, and other facilities. This data is analyzed based on the opportunities and challenges of Halal Tourism in Indonesia.

IV. RESULTS AND DISCUSSION

Halal tourism is built on the expansion of existing markets to embrace the type of travelers to maximize potential factors [5]. Generally, there is not much difference between halal tourism and other tourism models.

In its implementation, halal tourism can reach more varied objects compared to traditional tourism. Besides visiting to see local attractions, nature, and culture, travelers can also fulfill the desire to visit objects that have spiritual closeness. In halal tourism, it is already familiar when Umrah (Islamic pilgrimage that can be undertaken at any time of the year) is often wrapped with additional tourist attractions around the location or in several neighboring countries, both those who still have religious ties or purely see tourist destinations. The same concept can also be found in other approaches when a catholic visits Italy and stop by Vatican or Jews to visit Israel and stop to the Western wall. Therefore, halal tourism not only aims for leisure but also for the spiritualism journey. Muslim travelers should not differ from other types of travelers, they were encouraged to see different cultures learn different cultures, as a means to be grateful to Allah for His creation.

In contrast to the object, the existence of adequate worship facilities is an important factor considering the certainty of the tourist to remain applied to the sharia during their journeys. Another important factor that also requires attention is the

culinary issue. Just like the existence of a place of worship, the existence of culinary that meets the requirements of sharia law holds the key to tourism success. There are several additional main requirements in the production process besides having to be free from pork, alcohol, and carrion. These concerns could be the reason for Muslim tourists in choosing halal tourism destinations.

Therefore, mapping the opportunities and challenges remains important to develop halal tourism as an industry in Indonesia. Policymakers and stakeholders will take advantage of opportunity factors as well as strategies to overcome challenges to build establish halal tourism industry in Indonesia.

A. Opportunities

Based on the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) in 2016, there are six faith-based needs became the concern of Muslims travelers, halal food, prayer facilities, Ramadhan service, water-friendly washrooms, no non-halal activities, and recreational facilities. In general, the majority of Indonesian are Muslims and these six basic needs of Muslim tourists are part of most Indonesian lifestyles. For instance, most of the local food is considered halal. However, not all food stall has a clear sign of the halal logo. There are also some issues related to halal certification in Indonesia that will be discussed later in this paper.

Moreover, prayer facilities could be easily found in Indonesia. There were more than 250.000 registered mosques and more 200.000 registered prayer rooms (mushala) in all around Indonesia. Prayer rooms were also available in shopping centers, airports, restaurants and many more. Moreover, Muslim tourists will also easily notice the prayer times, because all mosques and most mushalas announce azan (praying time call) five times a day. This helps the tourist to keep they pray on time. Most mosques and mushalas in Indonesia also have activities during Ramadhan, including iftar, tarawih and other Ramadhan activities. These activities vary in every place in Indonesia based on the culture of the local community. This will be an interesting opportunity for Muslim tourists experiencing Ramadhan in Indonesia.

Sharia hotels are growing in Indonesia supporting non-halal activities and recreational facilities for Muslim travelers. Sharia hotels are hotels that fulfill the sharia criteria determined by ministerial regulation. Under the regulation, sharia hotels are compulsory to provide some facilitations such as separated washing rooms for male and female guests, provide praying mats in every room, special pantry for preparing halal food and many more. Sharia hotels are also not allowed to provide alcohol, access to pornography, and any activities that cot in accordance with sharia.

Moreover, Indonesia does not only have a great opportunity in addressing the basic needs of Muslim tourists. Indonesia has many tourist destinations including beautiful natural landscapes blended with various unique cultures of its people. Beaches,

mountains, lakes, and many more pleasing destinations as well as the magnificent city skylines throughout the country. There are also events and festivals throughout the year as promoted by Ministry of Tourism Republic of Indonesia. Additionally, prominent Islamic culture in some cultures of Indonesia such as in Aceh, Sumatera offers unique destinations for Muslim travelers.

Beautiful tourist destinations supported with facilities to meet Muslim tourist made Indonesia differs from other halal tourist destination countries. It was not surprising that Indonesia was determined as the world's best halal tourism destination 2019 overcame 9 other countries. The Ministry of Tourism Republic of Indonesia targeted 25 percent of total tourism in Indonesia in 2019 were halal tourism. Indonesia does not only offer halal tourism but also naturally created as a tourist destination.

B. Challenges

This research identified two important issues in sustainable halal tourism in Indonesia, namely competition and halal certificate.

First, it is a common situation that industry facing competition, and halal tourism is no different. The competition could against other Islamic countries, which offers an established tourism infrastructure such as Malaysia. Being in the region of southeast Asia, Indonesia and Malaysia are shared top spot on 2019 Global Muslim Travel Index (GMTI). It is undeniable that Malaysia is a clear direct competitor to Indonesia. The competition could not be though, as Singapore and Thailand, two other countries from the same region, are on the top 2 non-OIC (Organization of Islamic Cooperation) destinations in 2019 GMTI. As an industrial unit, Indonesia unavoidable needs further development to create programs for continuously national halal tourism.

Second, it is recognized that there are many places that do not have clear credentials of halal food outlets yet. Especially on street food outlets which is the main attraction for tourists, not yet thousands of small-medium sized food stalls. Known as a Muslim majority population country, people assumed that the majority of street food in Indonesia is 'halal' even though they do not provide the halal certificate unless the seller provides notification that the products might contain non-halal ingredients. Crucially, this situation should be resolved in the near future.

Indonesian Halal certification has existed since 1976 as the Ministry of Health in on charge. It was changed in 1989 when the Indonesian Ulema Council (MUI) through the Food and Drug Research Institute (LPPOM) began involved in auditing and issuing the certification. The MUI halal certification becoming widely reference from various countries because known to be the most stringent. In 1999, LPPOM-MUI was initiated and founder of the World Halal Council (WHC) which served as a container for the world's halal certification institutions. Unfortunately, there has been a debate between MUI and the Ministry of Religions after the establishment of

the Halal Product Guarantee Agency (BPJP) in 2017. The BPJP becoming a new government that has the authority to issue halal certificate products that were in the Ministry's domain. Whereas the MUI becomes an institution that provides a fatwa to determine halal products which are then submitted to BPJPH to stamp the certificates. If this situation could solve in the near future and hopefully not getting worsen, it will impact the sustainable of halal tourism development.

V. CONCLUSION

Supporting Halal tourism should be greater than just providing infrastructure to support for sharia regulations. The food industry as supporting tourism also needs to develop continuously. Granting the halal certificate is not a triumph, but maintain sustainability is a must. Well-developed regulation needs the environment. Industry 4.0 has changed how the industry generates, one of them is affirming continuous standardization and not relying on the periodic visit system. Hygienic systems were yet on concerned and this issue must change immediately. The larger market is right on the corner, whether the industry wants to change or the national reputation is at stake. The tourism industry is no longer restricted to

government responsibilities; its entire stakeholders need to jump on to participate in supporting the industry.

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