

## Halal Food Business and Industry: A Case Study from CPF (Thailand) Experiences

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### Abstract

Global demand for ethical, safe, and high-quality food products from both Muslim and non-Muslim consumers is driving significant growth in the halal food industry. This growth is reflective of changing consumer preferences toward more responsible consumption, along with a rising awareness of halal principles that extend beyond religious obligations to encompass health and ethical considerations. This paper focuses on the halal food business in Thailand, particularly through the lens of Charoen Pokphand Foods (CPF), one of the country's largest and most influential food producers. By analyzing CPF's operational frameworks, market strategies, and the challenges it faces in the halal segment, this study aims to provide comprehensive insights into the dynamics of the halal food industry in Thailand. The research findings indicate that while CPF has achieved notable progress in halal certification and has successfully penetrated various markets, there are significant gaps that hinder further growth. These gaps include limited consumer awareness about halal products and their benefits, as well as challenges related to regulatory compliance in certification processes. Additionally, the study identifies barriers to market entry for smaller producers and the competitive pressures from both local and international players. Based on these findings, the paper presents targeted recommendations aimed at enhancing consumer education, improving the transparency of halal certification, and fostering collaborative efforts among stakeholders in the halal food supply chain. By addressing these issues, CPF can better position itself in the market, leveraging its strengths to capitalize on the expanding halal food sector both domestically and internationally.

**Keywords:** Halal Food, CPF, Thailand, Halal Certification, Food Industry, Consumer Awareness

**Introduction**

The halal food business has gradually grown into one of the main niches in the world market, whose estimated value is above \$2 trillion (Warde, 2021). This rate of growth is sustained not only due to the eating habits of Muslim consumers but also due to the growing interest from non-Muslim consumers who appreciate the ethics, cleanliness, and overall health benefits of halal food (Omar & Kadir, 2016). Food recall and its production and distribution strategies are fast becoming a basic market attribute given consumer sophistication and awareness (Hassan et al., 2021).

Given its sizeable Muslim community, especially in the southern areas, Thailand has been able to emerge as one of the major producers and exporters of halal foods (Samsudin et al., 2018). With Muslims continuing to dominate the large population of the country and its agricultural base, it has great potential to develop its halal food industry in the region (Rahman et al., 2020). Thai halal products are not only put for sale within Thailand but also to foreign countries, especially the Middle East and European region, which have seen a rapid growth in demand for halal-certified products (Chalapati, 2020).

In this regard, it is noteworthy that Charoen Pokphand Foods (CPF) became one of the foremost companies to invest heavily in halal food projects (Nguyen et al., 2023). CPF has been adjusting its operational practices to the requirements of local as well as international halal standards, thus expanding its consumer base (Chalapati, 2020). In this context, the company has made important progress toward obtaining the halal certificate for its goods, which makes it more credible and attractive in the market (Fatimah et al., 2022).

This document seeks to investigate the importance that CPF occupies in Thailand's halal food cluster (Aziz et al., 2021). More specifically, it aims to define the evolving characteristics of the halal market, including changes in the economy's sufficiency, the resources used by CPF, marketing strategies, regulations, and consumer awareness (Camarena et al., 2020). It will also explore solutions to some of the problems stated above with an emphasis on how CPF can strengthen its competitive position and increase halal food products on its market (Ali & Kadir, 2022). The relevance of such a focus is to contribute to the existing understanding of the halal food market in Thailand and its significance to other actors in the industry (Shamsudin, 2024).

*Issues*

Misinformation regarding halal certification, along with other conflicts, continues to repel the marching growth of the halal food sector. Islam, in its basic tenets, does emphasize the necessity of adherence to the principles of halal food preparation—only using halal-certified suppliers and ingredients, along with the placement of a halal logo on the product itself. This understanding of establishing plant and operational premises has worked well in the Western world, but across the regions, there are procedures and customs that are not well understood. Consumers struggle to comprehend the halal requirements, leading them to question the certification of brands (Riaz & Chaudry, 2015). These structures often serve as a barrier for Muslims worldwide to practice their beliefs.

Such barriers rotate around other Muslims as well as certifiers, organizations, and consumers. It begs the question further as to why others believe 'halal' is simply a religious connotation,

leaving the market potential extremely narrow. Consumers who are not familiar with the traces of halal practices or other similar practices tend to be low on the consumer market scale for encompassing halal items as they have little to no understanding of the item in question or particularly being a halal product, which repels any progressive notion of expansion (Ali & Kadir, 2022).

A further concern in the halal market involves the minimal awareness of its dynamics by the stakeholders, such as producers, retailers, and even consumers. Several enterprises fall short of the halal requirements since they offer poor products and resort to marketing strategies that are uncomplimentary to the targeted consumers (Omar & Kadir, 2016). As Al-Qaradawi (2019) engraves his comment, this type of misunderstanding has the potential to stifle creativity and render firms like Charoen Pokphand Foods (CPF) firms competitive positioning in the marketplace.

To preserve its unique competitive edge as a key player in halal food, CPF also has to manage these issues. This implies not only tackling the inconsistencies in certification practices but also striving to inform consumers and stakeholders about the essence and the advantages of halal products. In striving towards such objectives, the company will seek to enhance the overall understanding of the halal market alongside increasing the level of transparency of its operations, which will, in return, increase the level of confidence of consumers in the company and industry.

#### *Previous Researches*

Ample literature has investigated the halal food market, stressing the importance of the consumers' confidence in the halal certification system (Riaz, 2022). Trust is an essential factor in a person's decision to buy products because it concerns the way the consumer thinks about the nature of products in terms of originality and quality. There is evidence that brand image is important for consumers in ensuring halal product authenticity since they tend to choose halal products from reputable brands, which in most cases are already well-known to them (Camarena et al., 2020). This practice highlights the significance of companies building and maintaining a strong brand image to instill consumer confidence in their products in a highly competitive market.

Besides, past studies have also revealed the promising economic potential opportunities that the halal food markets in Southeast Asia offer as the region has an expanding middle class who are becoming more health conscious (Rahman et al., 2020). The region has a significant and varied Muslim population, which provides a good market for halal products, thus making it an attractive area for market penetration. According to reports, the halal food industry in Southeast Asia is anticipated to continue growing, offering opportunities for both domestic and foreign companies to participate in this lucrative market (Mustafa et al., 2023).

Moreover, several studies have shown that strong supply chain management practices play a significant role in halal certification. Effective supply chain practices are critical to maintaining the halal status and traceability of halal products from the point of production to the point of distribution (Omar & Kadir, 2016). Effective supply chain management not only enhances the business's operational efficiency but also fosters a positive customer image by instilling confidence in the sourcing of halal food products. This is crucial for large corporations like

Charoen Pokphand Foods (CPF), who are striving to expand their production of halal-certified products across various product categories and markets.

### **Problem Statements**

There are very large gaps in the understanding and practicing of halal standards in relation to the performance of the company in the market; even however, Charoen Pokphand Foods (CPF) appears to be a strong player in the market. One of the most pertinent taming factors in these settings is the in-apt education of clients regarding halal products and their claiming principles and benefits. Many Muslim and non-Muslim consumers do not understand the nature of halal certification, and as such, there is a great degree of information that leads to suspicion over the nature of halal products and their safety (Aziz et al., 2021). This gap in knowledge may hinder CPF's scope of clientele to reach out to a greater customer base, even among the non-Muslim customers who would have, for instance, been interested in halal products for purposes other than religious.

Apart from market enlightenment, disparities across frameworks of compliance further complicate matters. The processes involved in certifying halal products are not the same across certifying bodies or countries, which confuses the consumers as well as the businesses. This disparity can erode halal appeal to consumers, thereby posing regulatory compliance issues for companies such as CPF and other multinational corporations operating across diverse markets that have varied regulations. Increased competitiveness of other brands that are non-halal and have a stable presence in the market due to the marketing strategies utilized may also lead to decreased competitiveness of CPF products (Alkashami et al., 2024). To the consumers, the clarified non-halal substitutes appear more closer or well-known than the compelling reasons for selecting halal products.

Hence, this paper seeks to fill these gaps and suggest ways how it can reposition the CPF in the relevant markets. Since the issues revolving around education and compliance are dealt with, it is likely that CPF will be able to expose its strength in competition in the halal food industry.

### *Gaps*

In the context of large halal food producers operating in Thailand, such as CPF, I am not sure that the existing body of literature covers the difficulties that these businesses face. While a number of studies have focused on the attitude of consumers towards halal products, very few attempts have been made to look into the operational challenges that large halal producers have to deal with in order to comply with the requirements of halal certification (Hassan et al., 2021). This sort of insight is critical in enhancing the understanding of how multinational corporations can effectively implement and control enterprise-wide halal certification and management.

On the other hand, there is a relative scarcity of holistic studies exploring the attitudes of consumers and the effectiveness of promotions targeting people outside Islam. As the halal industry expands outside of its traditional customer demographics, it is imperative to learn how to market to Christians and other non-Muslims. The majority of the existing literature focuses on the view of Islamic consumers and ignores the challenges and the prospects that come with catering to a broader market (Aziz et al., 2021). Filling these gaps is fundamental

to understanding how the halal food market operates and how strategies can be formulated that increase CPF's ability to penetrate a heterogeneous market.

### **Research Methodology**

This section describes the methods of conducting research in the halal food business, with emphasis on a case study of Charoen Pokphand Foods (CPF) in Thailand. The research chooses a qualitative type design and makes use of case study methodology to enable the gaining of a deeper understanding of operations strategies and challenges CPF derivatively faced in the halal food market within the Thai context.

### **Research Design**

#### *Case Study Approach*

The case study methodology is selected for this research among others for its usefulness in examining high-order complex phenomena in their real-life situations (Pahi et al., 2016; Yin, 2018). CPF is also an appropriate case since it is among the leading food manufacturers in Thailand, which has devoted large resources to halal food development. This perspective allows for a more comprehensive understanding of the sociocultural context that shapes CPF's business processes, marketing activities, and policy implications related to Islamic products.

### **Data Collection**

#### *Primary Data*

1. Interviews: A semi-structured interview strategy will be used to key informants interacted with at CPF, including its management, marketing teams, and quality assurance staff, to better understand the operations of the firm with respect to the principals' strategies as well as challenges in implementing them. (Kvale, 2007)
2. Focus Groups: Focus group discussions will be held with Islamic as well as non-Islamic consumers about their understanding of halal products and certifications. This will assist in spotting the deficiencies in consumers' awareness or knowledge.

#### *Secondary Data*

1. Literature Review: Existing literature on the halal food market, especially in relation to the Southeast Asia region, will be systematically reviewed. Main sources include academic articles, business literature, and governmental publications (Riaz & Chaudry, 2015; Warde, 2021).
2. Company Documents: Contextual information concerning their strategies and adherence to halal standards will be provided by the examination of internal reports, marketing documents, and halal documentation of cpfaloth.com.

#### *Data Analysis*

Qualitative data in the form of transcripts and recordings of focus group discussions and interviews with consumers as well as non-consumers will be analyzed using content and thematic analysis, respectively (Braun & Clarke, 2006). This method will allow them to identify the consistent themes and trends in CPF market strategies, customers attitudes, and their challenges against the background of their five-year existence in the market. Furthermore, secondary data suggested the possibility of conducting a content analysis to achieve the research aim.

### *Ethical Considerations*

We anticipate that the study will adhere to ethical principles by obtaining informed consent from all subjects and maintaining the confidentiality of their responses. The study will inform participants about their right to withdraw at any point.

### **Limitations**

The qualitative nature of this study may limit the generalizability of the findings to the broader halal food market. However, we expect the in-depth insights from the case study approach to make valuable contributions to understanding the complexities of halal food business operations in Thailand.

The proposed research methodology aims to comprehensively analyze CPF's role in the halal food industry, addressing key issues and identifying potential resolutions. By employing a qualitative case study approach, this study seeks to provide actionable insights that can enhance CPF's market positioning and contribute to the overall growth of the halal food sector in Thailand.

### *Resolution*

Given the existing issues in the halal food industry, this paper aims to provide a variety of steps to address the problem. Firstly, the authors highlight the importance of improving consumer education through effective marketing communication. Through such means as social media, educational workshops, and even community outreach programs, consumers can be educated about the tenets of halal products and their significance. This will go a long way in clarifying misconceptions and establishing an enlightened clientele that understands why halal certification is important (Ali et al., 2022).

Worse still, bettering regulatory compliance is crucial for the credibility of the industry. Streamlining the halal certification process among countries or certifying agencies would alleviate the situation quite considerably and foster trust in consumers. CPF has to be at the forefront of such efforts by pushing for clear regulatory frameworks and partnering with industry bodies to promote best practices in certification. In addition to ensuring enforcement, this would also promote consumer visibility into the halal supply chain, revealing the sourcing and handling practices of halal products (Ali et al., 2022).

Further developing partnerships amongst members of the halal supply chain, which include producers, retailers, and certifying bodies, can make the industry more integrated. A teamwork of this nature will allow these stakeholders to carry out better practices, refine the certification processes, and improve the range of products supplied to suit the consumers. Joint action will also foster new developments that will enable CPF to be proactive.

Ultimately, CPF must invest in research and development to create halal products that cater to diverse consumer types. With knowledge of how consumers behave and what is happening in the market, CPF will be able to develop products that seek to satisfy the Muslim and non-Muslim tastes and dietary preferences, hence increasing the market coverage.

### **Results Findings**

The preliminary results indicate that while the current CPF strategies are helpful, they require review and modification, particularly in consumer relations and the certification process (Nguyen et al., 2023). It is clear that brand loyalty tends to be high for Islamically-oriented consumers, whereas the market awareness of halal advantages among non-Muslims is shallow (Chong et al., 2020). This gap implies that there is a great chance for CPF to leverage its outreach programs to, specifically, non-Muslims and therefore provide a wider market for its products.

The results of the study also indicate that, in the absence of proper information about the certification processes, Islamic ethical consumers restrict their purchasing behavior toward halal goods. Stakeholder engagement at the producer level regarding product certification would likely build consumer confidence.

### **Discussion**

There is a vast opportunity for the halal food industry in Thailand; however, there are some issues that must be addressed in order to achieve this. The focus on quality and halal-compliant business practices are CPF selling points. However, to better serve future markets, increased levels of consumer education and alignment of regulatory fragmentation are the next steps (Shamsudin 2024).

In addition, there is a need to understand Muslim consumers within the halal markets, as this will assist in developing strategies for product usage (Khalid & Abdul, 2019). For example, the study of consumer trends could pave the way for the creation of new product lines that are consistent with demand patterns, for example, halal frozen foods, plant-based halal foods, and instant casseroles. Hence, through extensive research and an effective consumer education program, CPF is able to modify its direction to respond to the rising interest in halal products.

### **Implications of Research**

This study, in general, contributes significantly to the halal food market in the halal sector by providing an understanding of the food industry and ethics' of marketing and also points out the need for greater accountability. Since the success of halal goods lies in the trust segmentation bases of the consumers, the results indicate that organizations like Charoen Pokphand Foods (CPF) should refrain from such practices and instead ensure that congruence is met between their communication and the communication about their halal certification. The more transparency on the operations, the higher the consumers' confidence, and thus, in turn, the market adhesion and the market dominance.

Also, the study points out the role and importance of all relevant actors, in this case, producers, certifiers, and consumers, in seeking trust and awareness in the marketplace (Fatimah et al., 2022). Such collaboration may take the form of joint outreach strategies and educational workshops for consumers about the advantages of halal commodities and the requirements for their production. These kinds of activities do not only target the education of the market but also the gathering together of the stakeholders for a cause, thereby strengthening the halal food ecosystem.

The implications of this research extend beyond CPF, encompassing the entire halal food sector in Thailand and beyond. Dedicated firms that plan to participate in this market in the future will find these understandings crucial. This construct also allows businesses to address the emerging potential of halal industrialization by focusing on consumer needs and transparency.

### **Recommendation for Future Research**

Future research should concentrate on the necessity and longitudinal studies of consumer behavior trends related to the purchase of halal foods. Such an understanding would assist the companies in determining how best to respond to such shifts through changes in their advertising and marketing strategies to cope with the new demand. Furthermore, by examining the effectiveness of specific marketing strategies among different ethnic groups, we can identify the most suitable approaches to apply among these groups, making them worthy of specific and successful advertising campaigns (Mustafa et al., 2023).

Another important aspect that requires further attention is the investigation of the technological developments in the processes of halal certification. Given the fact that the sector is struggling with issues of legal regulation and consumer trust, the implementation of modern technologies, such as blockchain for traceability or digital platforms for certification, may contribute significantly to increasing the effectiveness of operations. The application of these technologies might have remedies that not only simplify the certification process but also increase the trust of the consumers of halal products.

To conclude, further studies on halal food should focus on the role of the consumers as well as the innovations in technology. Thus, it would enhance the knowledge of the market in general and assist enterprises, for instance, CPF, to better understand the consumer orientation and operational market aspects. This integrated perspective that focuses not only on individual firms but also on the halal food industry as a whole should contribute to the sustainable development of halal food.

### **Conclusion**

Particularly in markets like Thailand, where a unique blend of consumer demand and cultural relevance creates ample opportunities for businesses, the halal food industry stands poised for significant growth. This research highlights the pivotal role of strategic marketing, operational transparency, and stakeholder collaboration in fostering consumer trust and awareness. Charoen Pokphand Foods (CPF), as a leading player in the sector, must navigate challenges such as inconsistent certification processes and limited consumer education to strengthen its market positioning.

The findings suggest that while CPF has established a strong brand loyalty among Muslim consumers, there remains a critical need to enhance awareness and understanding of halal benefits among non-Muslim consumers. By investing in targeted educational initiatives and improving transparency in certification, CPF can effectively bridge these gaps and expand its customer base.

Furthermore, the recommendations for future research underscore the necessity of ongoing exploration of consumer behavior trends and technological advancements in halal

certification. Longitudinal studies can provide valuable insights into evolving consumer preferences, while innovations in technology can enhance operational efficiencies and bolster consumer confidence.

In summary, this research contributes to a deeper understanding of the dynamics within the halal food market, offering actionable insights for CPF and similar businesses. By embracing a holistic approach that prioritizes education, collaboration, and innovation, stakeholders can collectively drive the sustainable growth of the halal food sector, ultimately benefiting consumers and producers alike.

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