



# Indonesian and Malaysian potential for a Halal Tourism Industry

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## Abstract

The tourism sector is one sector that is able to increase employment and economic growth. At present, halal tourism is starting to grow in high demand. This is in line with the increase in Muslim tourists on a year to year basis. In today's globalized world, the tourism industry is forming industrial zones that encompass national and international tourism movements. The national and international tourism industry has developed rapidly and is considered a major source of income for many developing countries. The development of halal tourism has begun to be carried out by various countries, both Muslim and non-Muslim majority countries. This research explores the potential of the halal tourism market between Indonesia and Malaysia, reviews the concepts and principles of halal tourism, and discusses opportunities and challenges of the halal tourism market in the world. From the results of literature search it can be seen that an increase in Muslim tourists from year to year is both an opportunity and challenge for the tourism sector in seeking to develop halal tourism. Various efforts have been made by both Indonesia and Malaysia to advance their country as a developed country in the Asian region. Contributions to the economy through the tourism sector have become one of the main contributors to the economy of the country.

**Keywords:** Indonesia, Malaysia, halal, tourism, Sharia law.

## Introduction

Islam is considered a comprehensive way of life because its teachings include aspects either directly or indirectly related to every matter of human life as well as living entities. Al - Qur'an give special attention to tourism and in the attitude towards tourism is considered as one of the blessings of the the sacred texts of the Qur'an, Muslims must travel the world to fully appreciate the beauty of the creation of Allah SWT and also visit their friends and relatives. They have the responsibility to provide hospitality to visitors who are under Islamic law, enjoying the rights of citizens. Tourism has traditionally been closely linked to religion which has acted as a powerful motive for traveling (Nicolaidis, 2016). Religious buildings, rituals, festivals, and religious events are important tourist attractions for those who are followers of certain belief systems. Nicolaidis and Grobler (2017) say that tourism is regularly analyzed as an expression of human behaviour and so, where people go and why they travel there is worthy of investigation.

Tourism religious motivations and the spiritual life has become widespread and popular in the last few decades, and occupies an important segment of international tourism and has grown substantially in recent years (Jilani, 2017). Knowledge and awareness of halal products invariably makes the growth of the halal industry increase. Increased knowledge and awareness of halal products, one of which is halal tourism as a new phenomenon, is important. Halal tourism is one of the phenomena that arises from the growth of the halal industry (Samori, Md Salleh & Khalid, 2016) . This is supported by a variety of literature that explains that Muslim tourists pay attention to the consumption of products and services according to sharialaw when visiting tourist



destinations. With the increasing number of Muslims, the demand for halal products is increasing every year. Existing literature on tourism demand illustrates a number of factors that influence demand for tourism (Mohammed, 2019). However, halal products and services are not only interest aspects for Muslims, but also among people from other religions and philosophies. However, the prevailing social culture allows them to be positioned comfortably by Muslims (Henderson, 2016). The Halal tourism sector is growing from year to year. The main world tourism markets have shown a strong and growing interest in Islamic tourism (Geetanjali Ramesh Chandra, 2014).

Tourists who are not well served will feel dissatisfied and in the long run this creates potential to reduce the number of tourists visiting tourist destinations. Instead, tourists who are served well and feel satisfied will create a positive image of tourism services and encourage the creation of loyal tourists in the future. Ultimately good service quality will have a very significant contribution in successful development in the tourism sector as well as in increasing the number of tourists spending their money, demand for tourism products, image and the performance of the tourism industry (Lestari, 2017; Nicolaidis, 2008). Tourism is a complex concept that includes various social, behavioral, economic, political, cultural and environmental considerations. The concept of tourism consists of a series of activities, services, and benefits which all provide special experiences for tourists and in this service quality is of paramount importance (Ramphal & Nicolaidis, 2014; Fahim & Dooty, 2014).

In today's globalized world, the tourism industry is forming industrial zones that encompass national and international tourism movements. The national and international tourism industry has developed rapidly and is considered a major source of income for many developing countries (Khazaei Pool, Khodadadi & Asadi, 2018) . Tourism is the most important contemporary human activities associated with major changes, and has created fundamental changes in the economy, conditions, culture and traditions (Kamal et al., 2017). Until a quarter of a century ago, tourism was seen as a special activity for small elite groups, but today it is a regular activity for large communities. There is no doubt now that traveling is an individual, social and constitutional right for everyone. Many countries are now designing websites which are government sponsored for tourism in the hope that tourists can access information about their potential destinations (Hong & Tsai, 2010). Increased use of digital marketing not only creates channels of marketing that are new to the field of marketing, but will however also offer many chances and opportunities for companies engaged in tourism with a halal focus (El-Gohary & Eid, 2012). Tourism has evolved differently between countries own priorities and their own national development policies as well as the segmentations of the market are different (Seyfi & Hall, 2019). The need for a strategy of marketing that can work to optimize the efforts in promoting Muslim-friendly tourism and attract potential customers is large (Halkias et al., 2014). The development of the tourism industry has been accelerated by the latest innovations created in transportation and technology, ubiquitous e-communication, the disappearance of geographical boundaries between countries, and the curiosity of people from different cultures. It has also increased public spending on consumption because many prosper and have more free time as a result of long life expectancy, healthy living, proliferation of annual paid entitlements, and reduced weekly work hours, as well as an increase in the number of new entrepreneurs participating in this industry in every field (Dincer & Yilmaz, 2015). The tourism industry is always seen as a collection of collaborative and interactive processes that occurs in the context of a series of unique dual exchange relationships provided through the service of marketing and digitization (Eid El-Gohary, 2015). The expected Muslim travel segment of travel expenses for the year 2026 viewed globally may amount to 300 billion US Dollars which includes the hospitality services provided as well.



Halal tourism which arises from the growing number of Muslim tourists around the world and the rapid development of the halal industry, is defined as the involvement of every object or action by Muslim tourists in accordance with Islamic teachings (Nur Sa'adah Muhamad & Syahnaz Sulaiman, 2019). Therefore, the halal tourism sector is an opportunity for hoteliers and other tourism operators to improve competitiveness through the configuration of special services designed for Muslim travelers, according to their quality standards (Vargas-Sanchez & Perano, 2018). Therefore, new entrepreneurs who enter the business market by producing Muslim-friendly products especially in halal tourism attract new customers who have not previously enjoyed the lifestyle of modern consumers. The result is the development of tourism products that are positioned to meet the new market and the expansion of the media and other social institutions to advertise new services and products are then developed to create the presence of new needs (Elaziz & Kurt, 2017).

In the international tourism market which is an integral part of globalization, ongoing competition for countries, companies and governments can only be achieved by allocating large amounts of financial and human resources to activities such as making realistic estimates of current tourism trends, patterns that motivate people to travel, demands, needs, and expectations of consumers. These tend to vary according to their income and technology, conducting of market research, R&D, innovation, public relations, internet, advertising, promotion, and also carefully observe trends and future developments with deep insights gained. The tourism industry has traditionally had several positive and negative characteristics, in other words both supportive and disincentive, economic, social, environmental and cultural characteristics.

There is a new tourism concept termed kosher tourism, which aligns with the concept of halal food. Halal tourism is one of the modern trends in tourism, which has emerged in many countries including the Middle East, and many countries are involved and are now following this type of tourism (Fawzy & Qoura, 2016). Interest in halal tourism is experiencing increasing global growth (M. Battor and Ismail, 2016). The increase in specialization from halal tourism is in line with the increases in Muslim tourist numbers from year to year. Visits from Muslim tourists themselves are expected to increase by 30 percent in 2020 and these will be accompanied by an increase in expenditure value of 200 billion USD. To explore the potential of the magnitude of halal tourism, many countries began to provide tourism products, facilities and infrastructure to meet the needs of Muslim tourists. However, there are still many of the tourism actors and parties involved in the tourism sector that are constrained in the understanding of halal tourism. The niche segment tourism industry is the most profitable and is generally constructed by marketing the tourism industry such as a tool to be able to perform the mapping of tourism marketing that is better known as a way to promote a tourist destination worth visiting (Calderwood, 2014). The way in which religious goals are marketed plays an important role in shaping consumer behaviors. Such marketing can attract visitors on a spiritual and emotional level, and can be felt through their sense of togetherness (Taheri, 2016).

The tourism sector plays an important role in the world economy because it is considered one of the contributors to employment growth and economic growth in any country. Halal tourism has a strong commercial potential (Zamani-Farahani & Henderson, 2010). In addition to the potential benefits, tourism based on halal aspects can also ease concerns related to the negative influence of tourism on the Muslim community local (Ghani, 2016). This creates competitiveness among international goals to develop strategic marketing tools and plans for industry performance at a global stage to reach higher levels (Al-Ansi & Han, 2019). So tourism can also be seen as one of the most important sources for Gross Domestic Product (GDP) growth. Satisfaction of tourists can be divided into two types: transaction specific satisfaction and overall satisfaction. Transaction specific satisfaction relates to satisfaction on a specific context or



dimension. Then, overall satisfaction refers to satisfaction with all services (Carboni & Idrissi Janati, 2016). An increase in Muslim tourists is an opportunity and challenge to improve the tourism sector.

The halal tourism industry also needs to change the general perception that halal tourism only refers to visiting religious places (Mohsin, Ramli & Alkhulayfi, 2016). Islamic teachings regulate the types of tourism to suit higher sharia goals that uphold five needs: protection of religion, life, mind, lineage and also property (MM Battor, Ismail & Battor, 2010). Many countries in the Islamic world are taking advantage of the increasing demand for Muslim friendly tourist services (Lubis, 2015). Evidence shows that some tourists feel they have no choice but to compromise their religious beliefs to enjoy tourism. If this situation is common, it means that there is a large potential need that is not being met in this significant market segment. Therefore, it is not surprising that the tourism sector insists that serving the religious needs of any faith in a developing industry is important (Battor et al., 2017).

From the literature that discusses halal tourism, various terminologies are found that are used to define halal tourism. These include halal tourism, Islamic tourism, and sharia travel. From the various terminology, halal tourism and Islamic tourism are terminologies that are most often used in the literatures. As a consequence, developing tourism products in line with Islam requires consideration of some of the tangible and intangible elements (Carboni & Idrissi Janati, 2016). Islamic tourism refers to tourism activities or travel for religious purposes and pilgrimage and related to Islamic religious actions. Tourism is traditionally closely related to religion which has acted as a powerful motive for traveling from the early pilgrimage to contemporary trips to the holy sites (Nicolaidis, 2016). Religious buildings, rituals, festivals, and ceremonial events are important tourist attractions for those who have an interest (Nicolaidis, 2016; Henderson, 2010). But Islam inherently does not oppose tourism (Carboni, Perelli & Sistu, 2014). The size and scale of the Muslim travel market can be easily documented by a number of impressive statistics (Oktadiana, Pearce & Chon, 2016).

In fact, halal tourism is related to tourism activities for recreation and social purposes that are in accordance with sharia law (Abror et al., 2019). In addition, Islamic tourism focuses on many different issues, such as: participation and involvement (by Muslims), tourist attractions and destinations, products (lodging, food, entertainment, drinks, etc. ), dimensions (social, economic, cultural, religion, etc.), service management (marketing, cultural considerations, religion) and others. Although, in some ways, given the importance of traveling in Islam, in connection with the duties of a Muslim, it has been trying to make the brand itself as a global halal hub (Razzaq, Hall & Prayag, 2016).

Intense competition between marketers of halal tourism destinations, as well as saturated markets, requires a good understanding of the factors that influence tourist satisfaction and tourist loyalty. From the context of the tourism industry, a strategic plan was developed by ASEAN members for the period of 2016 to 2025. It is believed that the tourism industry in ASEAN members plays a vital role in any economic growth and financial progress. To this end, all member countries have consolidated their services in terms of quality of service to tourists, marketing, human resource development, investment in large projects, participation from local communities, sustainable development and attracting more tourists into the local market. Under the goals for 2025, promotion and marketing factors include an increase in ASEAN tourism and a statistical framework. Marketing innovation is a strategy that makes tourism businesses successful and enables businesses to reach the target group of clients quickly and continuously, enabling tourists to choose the products and services they need and want (Kerdpitak, 2017).



To offer diversification of products in tourism, activities under the title identification of new and complete product development that are sustainable with marketing efforts have been established. Attractive for tourism investments, a plan is developed that is coordinating convergence and infrastructure investment pariwisata a (Haseeb, Gholamreza Zandi, Nizam Andrianto, 2017).

In particular, it is important to understand how tourism motivational factors interact with tourist satisfaction and destination loyalty. Muslim-oriented tourism is undeniably attracting increasing interest in recent years (Carboni, Perelli & Sistu 2017). Marketers of halal tourism destinations must understand whether tourism motivation and tourist satisfaction are really key elements that cause tourists to continue to come to visit certain destinations. In addition, it is also important to check whether such relationships apply to all segments, or to only certain segments (MM Battor, Battor & Ismail, 2012).

From the perspective of tourism, national borders between countries are now ready to be eliminated, and the number of people involved in the international tourism movement is increasing with the latest developments in ethnology, the internet world, digital economy and social media. The general travel profile has also changed with the polarization seen in consumer preferences. At present, the tourism industry which creates a giant tourism circulation and high-volume income in the international arena, basically consists of several integral activities that are dynamically structured in a conceptual dimension. The international tourism industry has structural attributes that are affected by the global economic downturn in which there is a shift in demand due to economic and political uncertainty and instability that arise within the country and among countries, and it varies with technology, knowledge, goals, demands, expectations, and income levels. Several halal tourism activities and services have become popular in the tourism industry due to tourist demand and satisfaction (AH Bhuiyan & Darda, 2018). Demand for the needs of sharia-compliant tourism by Muslims is known as Islamic tourism or halal tourism and it is increasing along with the increasing Muslim population throughout the world.

New business is thus being created, but the tourism market has several unique features that create challenges for suppliers of products and services as well as marketers of tourism destinations. The lack of awareness and dilemmas that arise in ensuring the right supply will balance the needs and expectations of Muslims with tourists (Henderson, 2016). The research literature review of this journal explores the halal tourism market strategies of Indonesia and Malaysia, and it reviews the concepts and principles of halal tourism, and discusses the opportunities and challenges that exist.

## **Research Methodology**

The main objective of this research was to explore the impact of halal industries at the global level through a comparison Indonesian and Malaysian potential on halal tourism, and to identify the potential of halal tourism impacts and differences between Indonesian and Malaysian scenarios. This study used a qualitative approach. The method used in this research was descriptive analysis. Sources of data in this study were from academic journals and interviews with key informants of halal tourism. Additionally, the methods or were used to find the opportunities and challenges of halal tourism going forward.



## Results and discussion

### Indonesia

Indonesia is home to 238.5 million people, making it the fourth most populous country in the world as well as the largest Muslim country in the world. In addition, the Indonesian economy is recognized as the 10th largest economy in the world in terms of purchasing power parity and share of G20 members. In addition, tourism is considered an important industry, and it is an industry that plays an important role and a vital contributor to Indonesia's GDP and national employment (Suradin, 2018). Population growth and economic development in many Muslim countries suggest that the tourism sector can act as a catalyst for economic growth and development (Ghani, 2019).

On the other hand, Indonesia is a country that has a Muslim majority population. According to the Central Statistics Agency in 2010, Muslims in Indonesia amounted to 207,176,162, while others were Christians and as many as 16,528,513, Catholics as many as 6,907,873, Hindus as many as 4,012,116, Buddhists as many as 1,703,254. 117,091 Confucians and the rest follow other religions. This opportunity is used by Indonesia to continue to be able to develop and promote halal tourism. Therefore, to promote and market tourism destination destinations is important (Mohsin, 2010). As a result, the foundation for the development of the tourism industry, which is based on tertiary rather than economic aspects, was established with a strong foundation (Palmer, 2014). This is also supported by its very strategic geographical condition. The tropical climate that Indonesia has makes it have a rich variety of flora and fauna. This high biodiversity makes Indonesia have great potential opportunities as a tourist destination and offers potential to develop halal tourism. The importance of these attribute values is oriented to the willingness of Muslim consumers to buy tourism products that are usually considered to be functional and influential (Al-Ansi & Han, 2019). Indonesia is trying to increase the existence of aspects that can support the notion of halal tourism. Increased competition in the tourism sector is evident when new destinations enter the market, and as established destinations reappear by introducing managerial applications and / or new technologies. Technology plays an increasingly beneficial role in tourism both in terms of supply and demand for halal tourism (Rashid & Rashid, 2018). Given the unpredictable macro and micro environment that has an impact on the fast-growing Asia Pacific region, it is worth exploring the perceived market position and preferences of tourists from emerging source markets. One reason to identify the determination of the destination position and preferences of Indonesian halal tourism consumers is to understand a set of competitive advantages or disadvantages as a basis for determining the position where the halal tourism is located (Kim, Im & King 2015).

One aspect supporting halal tourism in Indonesia is the presence of Islamic hotels. The hospitality industry is a major player in the hospitality sector and has an important impact on the experience of Muslim customers (Jeaheng, Al-ansi & Han, 2019). The Government through the Regulation of the Minister of Tourism and Creative Economy of Indonesia has crafted guidelines for the implementation of Islamic hotels. Sharia as it is referred to here is in accordance with the principles of Islamic law as stipulated in the fatwa and have been approved by the Indonesian Ulema Council (MUI). In addition, Islamic sharia has a big impact on travel and encourages tourism (El-Gohary, 2016). Sharia compliance aspects as related to hotels, are evidenced by increased commercial interest and consequences for sharia hoteliers (Henderson, 2010).



In 2013, there were 37 sharia hotels that had been halal-certified and 150 hotels headed for sharia operations. There are 2,916 restaurants and 303 of them are halal certified, and 1,800 are preparing for certification. In general, food and beverages in Indonesia have been under halal certification by the MUI which marks them with the official halal logo on food and beverage packaging, and this is carried out by the National Agency for Drug and Food Control (BPOM) so that the food and drinks available in Indonesia are guaranteed halal for the Muslim traveler. There has been growing interest in the concept of attractiveness of halal tourism destinations and how the attractiveness of these destinations can be measured effectively in the halal tourism literature (Lee, 2016). The size of the halal tourism market has been clearly seen in the Muslim population in the world including Indonesia and the expenditure of Muslim tourists and the influx of Muslim visitors in other countries has been considered. This depends to an extent on the rapid development of halal tourism in recent years, halal tourism and related accommodation services provided at the companies serving tourists (Diker, 2018).

Non-Muslim tourists can be sure that the food and drink they consume does not contain substances harmful to the body, so it is suitable for consumption (Jaelani, 2017). Indonesia synergizes with many parties to develop halal tourism. For example these bodies include the Ministry of Tourism in collaboration with the National Sharia Council (DSN), the Indonesian Ulama Council (MUI) and the Business Certification Institute (LSU). The concrete form of cooperation is by developing tourism and promoting cultural and religious values which will then be set forth in the Minister of Tourism and Creative Economy Regulations. In addition, human resource training, outreach, and capacity building were also conducted. The government is also working with the Indonesian Hotel and Restaurant Association (PHRI) to provide halal lodging and dining venues that can serve halal food menus, and in collaboration with the Association of the Indonesia Tours and Travel (ASITA) work is ongoing to create halal tour packages to tourist attractions and religious sites. Halal tourism is a global trend that is developing significantly in many countries in the world, especially among Muslims living in urban areas. They have a high level of education, they want to travel frequently and visit other places with their family, and continue to look for goods and services that fit their needs as Muslims (Biancone et al., 2019). Halal tourism is not only limited to religious tourism though.

The Ministry of Tourism and Creative Economy in its report noted that there are 13 provinces that are ready to become a lawful tourism destinations for halal tourism. This include Aceh, Banten, West Sumatra, Riau, Lampung, Jakarta, West Java, Yogyakarta, East Java, South Sulawesi, Java Central, West Nusa Tenggara (NTB), and Bali. The provinces of Aceh and West Nusa Tenggara are provinces that have developed halal tourism for foreign Muslim tourists quite well. Aceh, dubbed as the 'foyer of Mecca', has an Islamic culture that is quite big and strong compared to other regions. This is seen from the application of sharia-based systems that have become part of the daily lifestyle of the people. Therefore, the development and marketing of halal tourism services must be guided by Islamic teachings and principles, which cover all aspects of tourism activities (Muhamad & Sulaiman, 2019). The Ministry of Tourism and Creative Economy targets it as a halal tourism destination which is used to attract world Muslim tourists. Whether or not the application of halal tourism in Aceh can at least be seen from the achievements in terms of tourism is to an extent certain, but Aceh won three categories in the 2016 national halal tourism competition namely "*Aceh as the best Muslim tourist friendly tourist destination*", "*Sultan Iskandar Muda Airport as the best Muslim tourist friendly airport*", and "*Baiturrahman Grand Mosque as the best tourist attraction*". Based on data from the Ministry of Tourism and BPS in 2017, the Aceh tourism sector is worth around IDR 10.87 trillion or 8.97% of the total economy of Aceh. This indicates that the tourism sector in Aceh has a very important role to play. Halal tourism places the values of Islam as the most significant thing in terms of implementing halal tourism destinations (Suharko et al., 2018).



The practice of halal tourism that has recently been developing, has long been observed (Battor & Ismail 2016). There are also efforts to separate specific areas at the national level (Avraham, 2015). In addition to Aceh, the NTB Provincial Government in collaboration with MUI and LPPOM as well as the Culture and Tourism Office and UMKM conducted halal certification at hotel restaurants, non-hotel restaurants, restaurants and MSMEs. There are 644 halal certificates that have been issued. In addition to halal food, the availability of religious facilities is also very easy to find in NTB. As an area with a Muslim population reaching 90%, there are 4,500 mosques spread across 598 villages and wards. So NTB is also dubbed the island of a thousand mosques. Indonesia is trying to promote its halal tourism to the international world. This was partly done by following the World Halal Tourism held in Abu Dhabi in 2016 where Indonesia won 12 awards from a total of 16 categories.

What can be learned from the Indonesian tourism halal sector is that the country has become a prominent location for tourism due to its warm weather, cheap prices and travel ability, and hala food available in most places and many mosques that can be accessed (Winarti, 2017). However, vulnerability may be greater in unknown destinations whose norms and values differ from those of tourists themselves (Brown & Osman, 2017). Indonesia has been supported by various components that can deliver Indonesian tourism through the global market, especially halal tourism. However, greater efforts are needed to develop halal tourism in Indonesia, because of the still rampant gambling, places of prostitution, discotheques, alcohol sales, and activities outside of the Sharia law so that these aspects need special attention.

## **Malaysia**

Malaysia is a multicultural country that consists of three major cultures namely Malay, Chinese and Indian. Islam became the official religion while other religions such as Buddhism, Hinduism, and Christianity are still welcomed by the population. Malaysia implements regulation in accordance with Islamic law that can be accepted by Muslims and non-Muslims alike. Tourism is the second largest revenue contributor sector in Malaysia. At first, Malaysia tried to attract tourists from the Middle East. But then Malaysia switched plans to take advantage through the Muslim market sector (Salman & Hasim, 2012). In this respect, Malaysia has significantly benefited from its rich cultural diversity, beautiful scenery, and harmonious relations observed among its citizens. In addition, Malaysia is also known globally as one of the countries with good conservation of rainforests, and its fauna and flora which serves as one of the main attractions in its tourism industry (Hua et al., 2017).

Over the past three decades, Malaysia has organized large and small events for the local and international community and the diversity of tourism and business activity events has increased rapidly (Hussein, 2018). In addition, Malaysia is a moderate Muslim country in Southeast Asia. There are many Islamic infrastructural aspects in place, mosques, and Islamic heritage sites in Malaysia. The country also has a very interesting Muslim culture and unique customs. The country of Malaysia is a major Islamic tourist destination in the world. Tourism Malaysia has been selling the country as a safe destination (Bhuiyan et al., 2011). The Muslim tourist market in Malaysia has shown an increase and rapid growth since 2001 (Hanim, Salleh & Othman 2010). Malaysia is considered to be a country that is moderate in receiving travelers from various countries and meeting their needs (Rahman, 2014). There has been significant growth, one of which is the hospitality industry in Malaysia. Malaysia, for example, has taken the lead in the halal tourism industry and has succeeded in trying to attract Muslim tourists from around the world, especially Middle Eastern tourists, by offering facilities in accordance with the religious beliefs of Muslim tourists (Samori & Saturday, 2014). Malaysia claims to be the only country in the world with a halal certification strategy that is fully supported by the government (Henderson, 2016). With the help of various government agencies, the tourism sector has contributed



significantly to the growth and development of the Malaysian economy both directly and indirectly, by encouraging production and consumption (Ghani, 2016) .

The increase and growth was due to active promotions carried out by the Malaysian government, so that it managed to attract Muslim tourists, especially from the Middle East. Malaysia's capital, Kuala Lumpur, is a popular city among Middle Eastern tourists and is considered a desirable honeymoon destination. The tourists from the Middle East also find it to be an advantageous market for their luxury spending patterns. The efforts of the Malaysian government to satisfy Middle Eastern tourists by increasing the services they need, such as Middle Eastern dishes, food menus in restaurants and information brochures for *multi-language* tourists, signboards that are in Arabic, Arabic speaking employees in hotel and travel complexes, are well advanced (Shafaei, 2015).

For Muslim tourists, halal food is one important element that contributes to overseas tourism choices. In 2010, Malaysia began to set high halal standards in restaurants and hotels to satisfy Muslim tourists by encouraging hotels and restaurants to obtain halal certificates at least for public restaurants (Samori, Md Salleh & Khalid 2016). However, providing halal food is not a big challenge in Malaysia, because 60 percent of the population is Muslim. So tourists can find halal food available at street stalls. Another challenge is how to meet the large-scale Muslim tourist market. The scale is about size, so a large scale in the context of tourists indicates the number of tourists involved in certain trips or large packages and a bus or van may be needed to transport them during the trip. Regular facilities for Muslim tourists such as halal food, mosques, prayer calls (Azan) and clean water for ablution are abundant in Malaysia (Halimah et al., 2018). Many hotels in Malaysia already have halal certificates. The certificate is used as part of hotel promotions in the name of a sharia hotel which means that the food available is halal, no alcohol, no pork and no discotheques are permitted. It is noted that the number of 3 to 5 star hotels that are halal certified may be as many as 273 hotels, while the 1 to 2 star hotels have 53 hotels that are Halal (Khan, 2017). The hotel sector support the exercise of moving towards halal certification and the requirements of the hotels will then enable them to expand and enjoy greater business protection from Muslim guests, both local and foreign, as well as from the Government (Farhana, 2015) .

One of the efforts to make Malaysia the world's halal tourism center is to make rules not to allow tourists to carry out activities that are contrary to Islamic law, such as drinking alcohol, wearing minimal clothes, basking in the sun with minimal clothing, serving pork, especially in restaurants which are located in the tourist area. Malaysia plans " *The Halal Master Plan* " with a target of 13 years covering three phases; first (2008-2010) developing Malaysia as a world center in terms of halal integrity and preparing for industrial growth. Second (2011-2015) making Malaysia one of the preferred locations for halal business, and third (2016-2020) expanding the geographical footprint of halal companies that grow domestically. In 2008, Malaysia was listed as one of the best-known countries in the tourism sector for halal items (*halal tourism* ). However, there are some things that are not in accordance with the concept of *halal tourism* (*halal tourism* ) such as the existence of free areas for gambling, alcohol is still easily found in hotels, restaurants and public places, and there are salons and spas that do not separate men and women, locations of rooms that do not separate between married and unmarried couples, entertainment that displays impressions not in line with sharia law. Nonetheless, In line with the hospitality industry, Malaysia offers many tourism opportunities regarding cultural diversity and multiracial communities. Tourists can find all of Asia in one country when the tagline runs ' *Malaysia Truly Asia* ' (Malaysian airlines). Most of the time spent by tourists is spent on getting to know the unique characteristics of the countries they visit (Hanita et al., 2015) .



## **Opportunities and challenges of the world Halal tourism market**

The Muslim population currently accounts for around 30 percent of the total world population. The number people in the Muslim population is expected to continue to increase from year to year. The increase is higher than the population of other religions. It is estimated that the Muslim population between 2015 and 2060 will be increasing by 70 percent, while the world population increases by 32 percent or the total world population in 2060 by 9.6 billion people. This also indicates that Muslim tourists will continue to increase. In 2020, Muslim tourists are estimated to increase by 30 percent and increase the value of their spending to 200 billion USD.

Penyedia and destination organizations tourism are interested in promoting religious experiences and should be considered as there is a dimension of religiosity and materialism in segmenting them. These tourism destination organizations and providers can focus on their promotional materials and how they can help tourists evaluate Islamic service offerings based on Islamic visiting experiences. Additionally, providers and organizations at tourism destination can act not only as intermediaries, but they also have to affect the demand for destinations of tourism positively (Taheri, 2016). For a long time now, the tourism industry has not adequately considered the needs of Muslims as tourists when developing tourism products (Carboni, Perelli, & Sistu, 2014).

An increase in Muslim tourists is an opportunity for the tourism sector to develop halal tourism. Thus several countries began to take this opportunity by developing halal tourism, both countries with a majority of Muslims and non-Muslims were involved. These include countries such as Japan, South Korea, Australia, and Thailand. It is expected that tourist attractions, hotels, restaurants, airlines, travel agents and all those involved in tourism can be involved in halal tourism. Travel agents have halal tourism opportunities in various fields if the investigate this possibility.

The number of halal restaurants and sharia hotels is still limited, both in Muslim and non-Muslim majority countries. These limitations are also influenced by the lack of understanding related to halal. Therefore, halal education and training programs are needed. This can be an opportunity for universities and training or research centers to offer related programs. In addition, standardization in halal tourism is needed in the form of halal certification in restaurants, hotels and other food serving businesses.

One of the challenges in developing halal tourism is related to marketing, because marketing halal tourism is not an easy task. This is due to the difference between the demands of non-Muslim tourists and Muslim tourists. The tourism potential and profitability, even during the economic crisis, have motivated many tourism organizations to market their products to different tourism segments (Haq, 2014) .

Non-Muslim tourists can decide not to travel to attractions without certain attributes. So one of the challenges of halal tourism is how to serve non-Muslim tourists and meet their needs without colliding with the concept of halal tourism. For example, some hotels state that they are Islamic hotels in their promotions, and this may not be of interest to non-Muslim tourists. Therefore, halal tourism can be an obstacle in the tourism industry sector if not carefully managed. But it can also be a business opportunity to use creativity and flexibility in catering to the various needs of Muslim and non-Muslim tourists alike.



## Conclusion

Halal tourism has shown potency as a new businesses in the tourism sector and is represented by domestic and non-domestic tourists in both in Indonesia and Malaysia. The positive impact on the tourism industry in the economies Indonesia and Malaysia , especially in foreign exchange earnings and employment opportunities has risen. Halal tourism is a growing segment and therefore represents great potential and provides important opportunities for the tourism sector to grow . Various efforts have been made by both Indonesia and Malaysia to advance themselves as a developed countries in the Asian region. The contribution to the economy through the tourism sector has become one of the main contributors to the economic growth of the country. The Physical development and infrastructure development are prioritized by the governments in establishing tourism projects with novel tourist attractions for the progress of the economic outlook to be enhanced in the two countries in question.

An increase in Muslim tourists from year to year is a potential for the halal tourism sector in Indonesia and Malaysia to be able to further advance its halal tourism industry. Many other countries (both Muslim and non-Muslim majority) strive to develop halal tourism. However, judging from the existing concepts and principles of halal tourism, these countries generally only try to create a Muslim-friendly atmosphere, this is a factor of excellence owned by Indonesia and Malaysia.

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