Cultural Economic and Historical Functions of Arab Markets

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Definition Of The Arabic Market

Each place is characterized by different geographical, climatic and Idiosyncrasy factors; these differences are manifested in the different products that each region produces. The products of the Arab region are unique and define the identity of their people. The Arab market is the physical space where each place exposes its products. The Arabic market, as mentioned above, is not just a place where it produces the exchange of products but a place where society expresses itself. From this statement, it can be inferred that the exchange of products, most of them emerged from art, craft, or industry, is one of the ways of the Arab tradition.

History Of The Arabic Market

The Arab market in the Muslim tradition was the center of the city with the mosque. It was a place of exchange: a place where men meet, but also where one brings what one has to sell and buys most of his consumer goods. Souks or Arab markets were the shops and stalls of merchants of all kinds; they were arranged along narrow streets, alleys, passages and dead ends entangled and grouped by the corporation.

The Arab market was almost always in the open air; only some souks of the medinas were sometimes covered. The word “Souk” is called a place of sale. This term encompasses different types of centers of commercial activity in the Near East and the Maghreb. There were annual fairs, weekly in rural markets and permanent urban souks. At the dawn of Islam, there were in the Arabian Peninsula just over twenty such annual markets, the best known of which are those of Badr, Dhu’l-Madjaz, Madjanna and especially Okaz. These were small settlements on neutral ground and were of particular importance during annual religious holidays. When Mecca came to religious and economic primacy, these places fell into disrepair. The Aswak al-arab, the souks of the Arabs” were rural markets from the time of the Holy Prophet. The rural souk was a weekly itinerant market to which the peasants went in half a day’s walk; it stands in an agricultural zone, most often on uncultivated land, hence the name of Suk al-ghubar (dust market).

The expansion of the Arab Market brings many changes and imposes on the wide area of its new domain, the Muslim souk, which is not the continuation of the souks of Mecca or Medina but of which it uses the commercial technique, appanage of the Quraysh. The Arab Market has prevailed in the public square, and the development of the artisanal and commercial district makes the souk the extension of the districts.

The market of Okaz was one of the most famous Arab markets in the past, as the Arabs came to this market in the first twenty days of the month of Dhu al-Qa'dah. Literary sources say that the market of Okaz was named by that name because the Arabs used to be proud of it and boast about it. The most prominent manifestations of this market were that it was a place where goods were sold and the spread of literature; poets were coming to this market from all sides to shoot their poems in front of people to boast and boast, and continued in the era of prophecy and Islam was issued during the days of the Caliphs and the time of illiteracy until 129 AH, The city of Okaz was affected by the expansion of Muslim countries and the transfer of centers of civilization from Hijaz to Damascus and then Baghdad, where the big cities and a new life began in Syria, Iraq, and Egypt attract people to it with attention to the conquests, which weakened the need for Okaz market and its commercial role in particular.

The Okaz market was not only a place to seek poetry, but it was also a tribal social season with its great political and social role. Okaz represented the Arab tribes as a cultural media platform. The market was a track for equestrian and fencing races, a large commercial market meant by caravans coming from Syria, Persia, Rome and Yemen, and a forum where titles were given to poets, knights, and tribes. Okaz was a great theater for all actors in Arab life. Several events occurred in this market, recorded on the pages of history, and how many positions witnessed by Okaz confirm his leadership of the rest of the markets of the Arabian Peninsula.

Okaz market was the right of the largest cultural and commercial gathering in the Arabian Peninsula where poets present their poetry, the preachers compete with their prose and hold meetings in politics, society, and literature, and exhibit the same kinds of goods. The market was characterized by a kind of ranking. Every tribe was a marketplace, and the events and events of the market were often overseen by dignitaries or tribal leaders.

The Condition Of The Arabic Market

The Arab market is made up of the 22 countries that make up the League of Arab States. These 22 countries have about 450 million inhabitants and need constant and reliable suppliers for products and services, mainly food. Brazil has taken advantage of opportunities in the Arab market. Today, for example, between 15% and 20% of the chicken meat produced in Brazil is destined for Arab nations, as well as a significant part of sugar and beef, in an estimated trade of US $12 billion in annual sales. It is worth knowing that Brazil is the largest exporter of beef and chicken to the Islamic world, which increases the importance of Halal slaughter in the country.

Globalization and economic integration intended as the creation of free trade areas, economic unions, and common markets have become a factor of the greatest importance for the Arab Market. The challenge is of the greatest importance for the Arab world. The Islamic world has undergone several attempts at economic integration, but they have not given positive results. Arab countries, without a serious movement aimed at creating regional economic integration, will not be able to enter the global market. Integration cannot bring with it a conflict with Western countries and will have to take the same outlines as adopted in Europe, Asia or Latin America. Arab and Muslim countries have common factors: religion, language, customs,

Islamic economic integration is intended to improve the conditions of trade with the rest of the world and to create more stable economic and political conditions by giving Arab countries the opportunity to have an equal relationship with others in today's global world. There are indeed integration factors between the Arab countries, but with enormous internal differences. Some have been socialists, some are governed by monarchical systems, and some are republics. Some have Napoleonic codes of inspiration, others Ottomans, others refer to the British Common Law, and others to Islam.

Arab Market is a market with a lot of potential, not so much for its population, which is not very large, but for what is exported from here to all the countries of the region. Especially in the case of Dubai, there is a large number of exhibitions that are held every year and that attract many buyers from different countries of the World. It is the window chosen by the business people of the entire region. Saudi Arabia is also an interesting market in which there is a lot of money, more than in the UAE, although it is not perceived as much as in this last country.

Some of the characteristics of Arab markets are that they are clearly importers and have scarce local manufacturing. Import from: Asia (China, India, Japan, Malaysia, Taiwan, etc.), Europe (especially from Germany, Spain, Great Britain and Italy) and the United States. In any case, they are looking for new alternatives of good quality against the appreciation of the Euro. In both countries, there are business groups that are really very large and that include signatures of different items. The logic of these business groups is different from that of the firms in Latin America. In relation to certification standards, for European products, European standards, such as the EC, are accepted. Gas and oil companies may additionally require the UL standard.

From the tax point of view, in general, there are no taxes that are traditional in the country (such as VAT, profits, etc.). Also, in both countries and in those that make up the GCC (Arabia, Saudi Arabia, Bahrein, United Arab Emirates, Kuwait, Oman, and Qatar), the import tariff is 5% for all the products. Altogether, all the countries in the area are experiencing significant growth and are investing a lot in infrastructure (ports, airports, trains, roads, housing, new cities, etc.). In some cases, as a result of the process of expansion and economic growth, inflation is, it has become a major concern and has become a concern for the authorities.

Contrary to what some Muslim economists say, the laws of economics do not change in an Islamic society. What changes are goals and solutions? The law of supply and demand and a fair profit remain valid. Notwithstanding this, the essential socio-economic functions in the welfare of an Islamic State are the following:

- Eliminating poverty and unemployment

- Promoting monetary stability
- Ensuring social and economic justice through an equitable distribution of wealth (UNESCO, 2023)
- Ensuring order and security
- Harmoniously developing cooperation and international and regional relations.
- Recognizing the legitimacy of the free market, private property and profit

A number of oil-producing countries, including Saudi Arabia and the Gulf countries, derive 90% of their income from oil and have a high per capita income but a limited industrial base. Other oil countries, including Iraq, Libya, and Algeria, have encouraged industrial diversification under strict state control. Many with limited oil reserves, such as Egypt, Jordan, Syria, Morocco, Sudan and Tunisia, depend on industry and agriculture. All these countries import significant quantities of technical materials and services.

Factors Affecting The Arabic Market

Political & Economic Factors

In many Arab countries, political conditions are unstable and subject to sudden changes. The risk is often accompanied by religious factors because the opposition has a fundamentalist religious base. Another factor of instability is the absence of democratic governments. Arab society can benefit from global trade to meet its economic needs without renouncing the principles of shari'a. Islam is not against modernization. The real problem is to reconcile the improvement of living conditions with Islamic principles. A common goal for the whole region is technological independence compared to developed countries. To do this, it is necessary to develop the industry, the scholastic system and the training of the personnel. The region is home to peoples linked not only by geographical, historical, moral and religious ties but also by a commercial tradition.

The concept of international economic integration brings with it profound changes in the economy of a single country or a group of countries. For the Arab countries, any change can be positive if it brings closer ties to better and stronger cooperation between individual Muslim countries. The first organization that promoted the need for economic cooperation between the Arab countries was the Arab League some 40 years ago. But it was, above all, a political and military cooperation. The economy was considered an effect and not the cause of political cooperation.

Social & Technological Factors

The Arab countries have very different systems, however, from a social and technological point of view. In this way, there is not a single market but a set of individual markets. The industries are strictly dependent on the transfer of technologies from abroad to renew their activities, which mainly consist of the absorption and adaptation of imported technologies for future assimilation. Thus, an urbanized society depends almost entirely on the importation of increasingly advanced technologies. The goods produced on site are of minimal importance, while everything related to transport, communications, production and distribution of energy and water must be imported.

Cultural Factors

Regarding cultural practices, it is necessary to take into account the 6 or 7 hours of time difference and that, in general, it is not worked between 1:00 PM and 4:00 PM. On the other hand, on Thursday afternoon, the “Weekend” and Friday are not a working day. Then, the week stretches from Saturday (some start afternoon) until Thursday at noon. From mid-May to mid-October, a person can hardly visit the area due to the high temperatures and the month of Ramadan. The “high season” for business extends from mid-October to May. To take into account, a container shipped from Argentina can take about 40 days to arrive at the zone. In the case of Dubai, the costs are lower than for Saudi Arabia and do not differ much from other destinations. In general, there are no problems with payment. There is a lot of liquidity, and they can even pay in advance without problems.

Factors Influencing Brands

Marketing

In addition to aspects that the company can control when undertaking an international adventure, it is important to take into account the factors that may affect the markets.

Geographical And Climatic Factors

The geographical and climatic factors in the Arab Market largely determine whether a product is successful or not, as they are crucial to the way in which consumers meet their needs at different latitudes. It is normal for companies to adapt their products to the characteristics of the country, for example, in the different amounts of sugars and fat, even in formats and sizes.

Linguistic

Another very important factor that influences brand is linguistic, companies have to adapt their communication to the forms, linguistic turns, expressions, etc. of the country to which it is addressed. In addition, this factor can make what is a country (by its language) mean one thing; in another country with another language, it can mean something totally different, sometimes inopportune or cacophonous names.

Political Or Legal

On other occasions, changes in the marketing variables for international markets are conditioned by factors unrelated to consumers and are more related to political or legal decisions. In the legal framework, the product may contain parts, pieces or ingredients (depending on the type of product) that are prohibited in the country, or the packaging of the product does not conform to these requirements of the legal framework. It may also influence that the legislation in Arab Countries does not allow the marketing and consumption of certain products in cases that are considered bad and harmful to the health and safety of consumers and against the culture of Arab countries. On other occasions, countries may put barriers to the importation of some products. These barriers can be fiscal (with high tariffs and taxes that curb the importation of some products by making them more expensive), quantitative (when the amount allowed to import is limited) or technical (increasing the demands on compliance with safety, health, health or environment that can be very expensive to adapt these products).

Religious Factors

The religious factors cannot be ignored in the Arab market, and they affect what may or may not be successful in an Arab country. For example, for a food product to succeed in the market of an Arab country, it must have a Halal certificate.

Cultural Factor

In addition to this religious factor, it is important to take into consideration the cultural factors that influence brands. In the first place, because of what influences the habits of life, for example, when it comes to spending leisure time, meal times, tastes, etc. Secondly, because this factor is closely related to consumption habits, all these factors will affect the internationalization of the company, and taking them into account will be the key to the success of an international adventure.

Management In The Arabic Market

Food Industry

Estimates by the food industry in the Arab Market indicate that it will quadruple its size by 2020 to meet the demand for food products. In the particular case of the food industry in the Arabic Market, it has experienced a positive evolution in the last 2 years, opening space to a culture associated with the culinary arts of good food and good drinking, thanks mainly to the change in the eating habits of the local consumer where the consumption of products is linked with the denomination of origin, of superior quality and differentiated presentation. In addition, there has been a rapid growth of the middle and upper/middle class, which has favored the development of the industry, given the high purchasing power that characterizes them. The tendency to Consumption of food products is sustainable but, even more remarkable, is increasing.

Each year, the food industry in the Arabic market incorporates new and diverse products into its offer, attracting consumers from a wide range of tastes and culinary tendencies. The local offer is characterized by products with atypical varieties and where their origin is clearly identifiable, it is usually referred to a particular region or ethnic group. E.g., Butter with Raspberries. The same consumption trend has generated an increase in “Food Sections” in various Supermarkets and the creation of Specialized food shops, which offer a wide range of products from all over the world at a price generally well above the price of substitute products.

At the level of the Arabic market, the food products industry is in a state of development and expansion, where distributors, both for specialized stores and for retail, have begun to import a variety of food products from different parts of the globe in order to offer a wide product portfolio to the growing demand. Products such as honey, fruit concentrate, oil in varieties, spices, Condiments, sauces, Cheese, dairy products, Meats, Poultry, seafood, Prepared foods, soups, Agricultural food, Pasta, grains, legumes, Snacks, crackers, Desserts, pastries, confectionery, and Drinks are few examples of products that are available in the Arabic Market at a reasonable rate. In the case of food products, to enter these markets, it is necessary to have a Halal certification. In effect, according to the spiritual dimension and the specific characteristics of Islamic Law, the Halal denomination serves to distinguish processed food products according to it.

Cosmetic Industry

The Arab Market is one of the main players in the cosmetics industry in the world. The economic reports have revealed that growth in this sector differs from one country to another, especially in the Arab Market, which experienced popular uprisings. The cosmetic companies have predicted that the Arab regions will have a growth reaching 34.7 billion dollars by 2020 in the cosmetics market. Saudi Arabia ranks first in terms of sales of cosmetics with $ 5.3 billion followed by Iran with $ 2.9 billion. In third place is the United Arab Emirates, with 2.05 billion dollars. According to forecasts, the cosmetics market will experience great growth in the Arab world in 2020. Note that in 2016, the United Arab Emirates ranked 7th worldwide.

Cosmetic manufacturers, whose products are branded Halal, are one of the most prosperous stages of their business. Reports of specialized studies in the cosmetic market speak of an unprecedented recovery in the market for halal products and rapid growth that outperforms the traditional sector. Annual Muslim spending on halal cosmetics is estimated at $ 56 billion, with halal products accounting for 7% of the global cosmetics market.

The industry is expected to grow at an annual rate of 14.3 percent by 2020, bringing the value to around $ 45 billion. Lush Cosmetics, for example, which has not been tested on animals, is used for skin care and has always been a preferred favorite for natural and botanical products; it has been on the list of favorite Muslim products in the Arab Market. What the big players in the cosmetic world are aware of is that the Arab world is not the market that promises them the biggest marketing opportunities. India, which is the main spending market for Islamic cosmetics, is spending $ 4.7 billion in 2016, and Russia to halal cosmetics $ 3.5 billion.

The composition of the cosmetic market has changed in the last five years in the Arab Market, with the consumption of bath, shower and swimming products, oral care products, deodorants, baby and infant products, sun protection and hair removal in the Middle East. L'Oréal International announced in March 2017 that the company's investments in the Arab market amounted to 50 million euros. And that 10% of the production of the L'Oreal Egypt plant is directed to the local market. A study by Euro Monitor International has revealed that the cosmetic and beauty market has flourished significantly in recent years in the Arab world, especially in the last three years; the consumption of cosmetics in the Arab world reached 300%, especially after the increasing interest of men and women alike, and their passion for healthcare products and cosmetics.

The Adaptation Of International Companies' Strategies In Arabic Market

International companies that want to reach Arab markets have to overcome numerous business challenges; they often lack information about the markets, their knowledge about trends and buyers' expectations is insufficient, and, in addition, they face strong competition from other international participants. Many exporters adopt a sales-based, product-centric approach. This approach may work in the short term, but in the Arab Countries, it too often leaves the exporter at the mercy of price competition, with little room for differentiation and long-term development.

Doing business in Islamic countries imposes rules that affect the behavior of consumers and can be an obstacle for businesses that target Muslims and Muslim markets. Already today, the "Made in Islam" economy, between Islamic finance and the so-called Halal Economy, actually controls most of the fastest-growing markets. In this context, serving the halal product market should not be ignored by companies that want to grow. There are some elements that companies should consider to help them develop their products and to better direct them to this in the Arab market. These elements include the following:

- The role of a brand in the community includes the image of the company with its social responsibility.
- The range of supply, ingredients and manufacturing process of the product or service.
- The message of the brand and its advertising strategy, its messages face the characteristics of its customers. (UNESCO, 2025)
- The corporate practices of how the company is managed.
- The advertising content must respect the norms of the Arab countries.

- The visual identity of the company is related to the specific needs of the Muslim consumer.
- The communication of the brand.
- The service to the consumer and its distribution.
- There are no things to ignore large and growing potential markets, and it is surprising to see so few companies extend to these new markets. (Greenlaw et al., 2022)

In order to successfully distribute a product to international companies in Arab countries, they need a marketing plan that meets the special intercultural marketing peculiarities of the region. The Arab customer desires a partner who is knowledgeable in his culture and who knows how to overcome language and cultural barriers. Marketing in the Arab world, therefore, requires an intercultural communication and advertising strategy, including a possible product adaptation. These factors are critical to the success of marketing in the Arab Market.

The Arab Market is experienced by Western companies as an immutable and constraining environment over which they have no hold. Restrictions are more often emphasized than opportunities, and it is commonly accepted that Islam will dictate consumer behavior in such a way as not to allow possible alteration. It is, therefore, out of the question to collide with Islam, as is often the case in Christian societies where references to sin or the "dark side of the force" are commonplace. On the contrary, what companies are looking for is to be surrounded by a maximum of precaution before launching an offer on the Islamic markets, lest a boycott occur. And even then, success is not certain as evidenced by the boycott of Danish products in some Muslim countries following the cartoons published in Denmark.

Marketing and Islam, however, are not antithetical. The Prophet Muhammad was a merchant, and nowhere in the Qur'an, the Sunnah or the Hadiths is it written that trading and profit-seeking was something bad in itself. The rules of Islamic ethics are restrictive only if companies work with prohibited products and activities (haram) or if the behavior of the company is not moral. On the other hand, if the company behaves responsibly, Islam gives it great freedom of work. Rather than addressing Islamic markets from the point of view of the four Ps of marketing, it is better to use the five pillars of Islam as a referent for a successful marketing campaign.

It is not certain that a Muslim can better understand a local market than Western societies simply because he shares the religion of his clients. Local entrepreneurs often do not have the capacity to use sophisticated marketing tools such as segmentation, targeting and positioning that Western societies use on a daily basis. If Western companies are successfully selling halal food in France or the United States, they must do the same in Arab countries.

The halal market is exploding to reach $ 615 billion a year, and the halal certification agency war proves that the market is growing. The current debate on the burqa in France is part of this trend of the halal way of life, where a growing number of women wear this garment that covers the entire body. Even if the garment is not a Quranic tradition, for some Muslims, it is the most accomplished representation of the modesty to which women are held in their dress.

Western companies show a remarkable ability to adapt to these markets, but also very often impose their concepts and ask the local population to adapt to them. All companies abide by the intangible rules, but the local population very often accepts fashion and entertainment from the West and willingly turns to Fashion. Today, more than ever, companies must put aside a strict interpretation of Islam because the diversity of behavior of the Muslim population goes hand in hand with the diversity of actors on the market. International companies need to adapt their strategies according to the rules of the Arab Market.

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