



Agriculture and
Agri-Food Canada

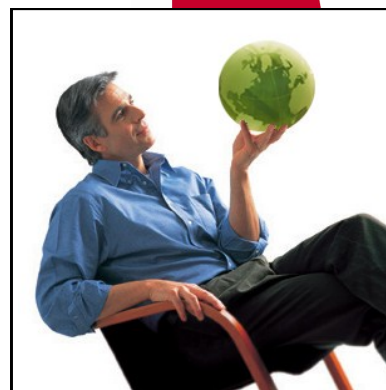
Agriculture et
Agroalimentaire Canada

**International
Markets
Bureau**

MARKET INDICATOR REPORT | JULY 2010

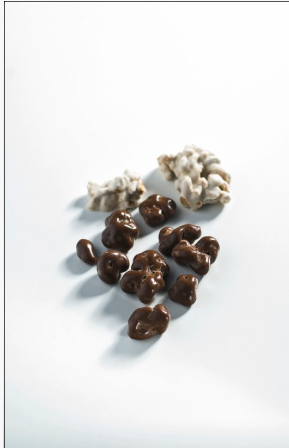


Packaged Food Sales In Indonesia





► EXECUTIVE SUMMARY



In 2009, packaged food sales in Indonesia were somewhat resilient to the global recession. This is due to a number of factors, including: political intervention to reduce the price of packaged foods, political candidates using packaged foods in their promotional campaigns, the expansion of modern food retailers, as well as new product launches.

The future of the packaged food industry in Indonesia looks promising. The sector is expected to grow 25.7% from 2009-2013. Positive growth is expected in almost every segment, including dairy, dried processed food and bakery products, which are currently the three largest packaged food segments.

Many packaged food product segments were dominated by foreign multinational companies, but recent acquisitions by Indofood Sukses Makmur, a national firm, has allowed it to increase its share of the market.

In the future, demand for value-added and premium products will grow considerably, as disposable incomes rise, the economy recovers, and the demand for convenient, healthy products grows.

► CONSUMER TRENDS

The health trend seen in many countries all over the world manifests itself differently in the Indonesian market. Many consumers prefer fortified or functional foods over products labelled *healthy* or *better-for-you*. These functional or fortified products will be received well by the middle to high income classes, and especially by women, who are becoming more concerned with their appearance. However, these products will be a hard sell to lower income consumers, who are shifting their spending from packaged foods to loose/unpackaged and unbranded food items due to price concerns.

All types of consumers are demanding smaller, more convenient packaging. Currently, some milk products and baby food products are being reformulated and repackaged to take an early advantage of this trend.

Rice and instant noodles continue to be the staple products of the Indonesian diet. However, sales of yogurt and breakfast cereals are expected to grow 65.2% and 49.6% respectively between 2009-2013. This is due, in part, to the convenience of breakfast cereals, and the health benefits of fortified yogurts.

► INSIDE THIS ISSUE

Economic and Socioeconomic Trends	3
Packaged Food Sales	3
Packaged Food Table	4
Key Market Segments	5-7



“ *Packaged food sales in Indonesia have grown 76.8% from 2005 to 2009.* ”



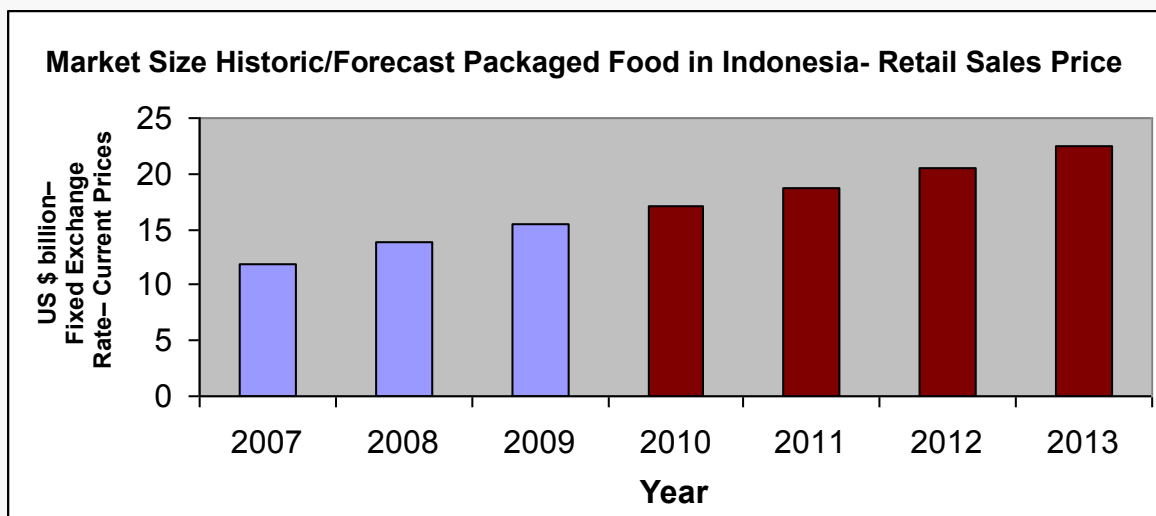
▶ ECONOMIC AND SOCIOECONOMIC TRENDS

- ▶ Indonesia experienced a real Gross Domestic Product (GDP) growth rate of 4.5% in 2009, down from 6.1% in 2008. Indonesia has fared better during the recent global recession, compared to many countries.
- ▶ With many candidates giving away packaged foods to voters during the political campaigns of 2009, the overall sales volume of package foods rose. Although this increase in sales may be short lived, it is expected that the election of 2014, and every 4 years thereafter, will bring about the same trend.
- ▶ Many staple products such as cooking oil, milk and flour, became unaffordable in 2008 due to rampant price increases. However, in 2009, the Indonesian government stepped in to reduce import duties on milk and offered affordable, domestic, packaged cooking oil.
- ▶ In 2008 to 2009, Indofood Sukses Makmur and its subsidiaries, successfully acquired Indolakt, moving the company into the packaged dairy market. The acquisition also helped the company gain market share in the packaged food industry. Although the competition in this industry is highly fragmented, continued mergers and acquisitions may help to reduce the number of competitors.



- ▶ In 2009, the market size of packaged foods was US\$15.4 billion. By 2013, the market is expected to grow to US\$22.4 billion.
- ▶ There has been a shift from purchasing fresh foods from local markets to purchasing packaged foods from large hypermarkets and supermarkets, thus benefiting multinational food corporations and imported products.
- ▶ In Indonesia, food expenditures have grown from US\$65.7 billion in 2004 to US\$127.6 billion in 2009. Many Indonesian consumers are becoming increasingly affluent, with more disposable income to spend on food, thus increasing country-wide expenditures.

▶ PACKAGED FOOD SALES IN INDONESIA



Source: Packaged Food: Euromonitor, 2010

(Forecast Period)



► PACKAGED FOOD TABLE: INDONESIA

Market Sizes - Historic/ Forecast - Retail Sales Price (RSP) - US\$ Million - Fixed 2009 Exchange Rates

Top Packaged Food Products	2007	2008	2009	2011	2013
Total Packaged food	11929.3	13854	15410.1	18714.5	22452.1
Chocolate confectionery	497.9	534.8	586.5	702.3	858.4
Sugar confectionery	593.8	662.4	727.2	865.2	1038.1
Gum	91.2	99.2	107.5	127.5	157.9
Baked goods	1157.8	1290.5	1411.1	1648.9	1936
Biscuits	757.7	827.3	894.2	1033.3	1210.2
Breakfast cereals	30.2	34.8	38.8	47.5	58
Ice cream	225.2	262.3	289.1	343.6	406.3
Drinking milk products	694.6	774.5	885.4	1105.9	1345.7
Cheese	46.1	48	52.7	60.7	71.1
Yogurt and sour milk drinks	145	176.1	205.7	266.4	339.8
Other dairy products	358.3	404.9	455.9	548.1	649.9
Sweet and savoury snacks	716.3	791.8	869.7	1028.9	1217.2
Snack bars	0.8	3.2	3.5	4.2	5.4
Meal replacement products	15.1	18.2	21.6	29.4	38.8
Ready-meals	3.6	3.9	4.5	5.7	6.6
Soup	2.4	2.7	3.1	3.9	4.8
Plain noodles	44.1	48.7	53.3	63.8	75.5
Instant noodles	1168.9	1381.1	1519.2	1801.5	2134
Dried pasta	10.5	12.1	13.7	17.1	21
Snack noodles	19.2	20.9	22.6	26.1	30.5
Canned/preserved meat and meat products	46.4	63.4	79.2	116.7	146.9
Canned/preserved fish/seafood	110.3	130.7	150.3	188.6	234.2
Canned/preserved fruit	16.3	18.1	20	24	28.2
Frozen processed food	241.9	298.2	341.9	441.4	572.3
Rice	2459.5	3000.6	3450.7	4413.7	5378.1
Dessert mixes	73.9	82.8	89.4	104.4	126.6
Instant noodles	1168.9	1381.1	1519.2	1801.5	2134
Chilled processed food	57.5	66.6	70.6	81.6	99.8
Chilled processed meats	54.9	63.6	67.4	77.9	95.4
Olive oil	14.2	16.1	17.6	20.3	23.6
Vegetable and seed oil	456.3	609.1	578.7	619.9	702.4
Butter	17.7	18.9	19.9	21.5	24.2
Margarine	84.6	95.6	106.6	126.8	150.2
Spreadable oils and fats	124.9	147.4	160.6	187.5	220.9
Sauces, dressings and	426.1	472.6	517.2	608.6	716.6
Baby food	1156	1364.4	1563.1	1936.5	2312.7
Spreads	56.9	63.2	69.3	82.2	97.4

Source: Euromonitor, 2010, Indonesia Packaged Food

←→
(Forecast Period)

“
Retail sales
of rice are
expected to
reach \$5.4
billion by the
year 2013. ”



► KEY MARKET SEGMENTS

► DRIED PROCESSED FOOD

Sales have increased in value from US\$4.5 billion to US\$5.1 billion, and sales volume has increased from 6.2 million to 6.7 million tonnes.

Forecasts for 2009-2013

In total, sales of dried processed food are expected to increase by 50.9%. By the end of 2013, rice sales are expected to increase 55.9%, while instant noodles will grow by 40.5%, and dessert mix by 41.5%.

Main Sectors 2008-2009

Rice is the main sector, and increased in sales from US\$3.0 billion to US\$3.4 billion.

Instant noodle sales increased from US\$1.3 billion to US\$1.5 billion.

Dessert mix sales increased from US\$82.8 million to US\$89.4 million.

Breakfast cereal sales increased from US \$1.6 billion to US \$1.7 billion.

Main Producers and their Indonesian Brands

There is currently no company that dominates the packaged rice market. Rice is usually bought in bulk from local farmers or from other countries and packaged locally in Indonesia.

Indofood Sukses Makmur controlled 24% of the market for packaged instant noodles in 2008. Its main brand is Indomie.

Dunia Bintang Walet dominated the market for dessert mixes, holding 37% of the market in 2008. Its main brand is Swallow.

► BAKERY PRODUCTS

This sector's sales increased from US\$2.2 billion to US\$2.3 billion, while retail volume stayed almost the same.

Forecasts for 2009-2013

Retail sales of bakery products are forecast to grow 36.7% in value. Baked goods will grow 37.2%. Biscuit sales will increase a total of 35.3% and breakfast cereals will grow 49.6% over the five year period.

Main Sectors 2008-2009

Baked goods sales increased from US\$1.3 billion to US\$1.4 billion.

Biscuit sales rose from US\$827.3 million to US\$894.2 million.

Sales of breakfast cereals increased from US\$34.8 million to US\$38.8 million.

Main Producers and their Indonesian Brands

Artisan products controlled 52% of the market for baked goods in 2008. On a large company basis, Nippon Indosari Corp was the market leader for baked goods, controlling 5.2% of the market in 2008. Its leading brand was Sari Roti.

Nabisco foods held 18.9% of the biscuit market in 2008. Its top brand is Biskaut.

Nestlé Indonesia controlled 50.5% of the market for breakfast cereals in 2008. Its main brands include Koko Krunch, Honey Stars, and Nestlé Corn Flakes.

► DAIRY PRODUCTS

Sales in this sector have grown from US\$1.4 billion to US\$1.6 billion. Sales volume rose slightly from 677 million to 736 million tonnes.

Forecasts for 2009-2013

Dairy products are expected to see an increase of 50.4% in value over the period. Drinking milk products are expected to grow 52%, yogurt by 65.2%, and other dairy products by 42.6%.

Main Sectors 2008-2009

Drinking milk product sales increased from US\$774.5 million to US\$885.4 million.

Other milk product sales (e.g coffee whiteners, condensed milk) increased from US\$404.9 million to US\$455.9 million.

Yogurt and sour milk sales have increased slightly from US\$120.9 million to US\$136.7 million.

Main Producers and their Indonesian Brands

Nestlé Indonesia was the market leader for drinking milk sales, holding 22.5% of the market in 2008. Its major brands were Milo and Dancow.

Frisian Flag held 35% of the market for other milk products in 2008.

Yakult Indonesia Persada was the market leader for yogurt sales in 2008, holding 76.9% of the market. Its main brand is Yakult. Sour drink sales were dominated by the Milkkuat brand with 62% of the market in 2008.



► KEY MARKET SEGMENTS (CONTINUED)

► BABY FOOD

Sales in this sector increased in value from US\$1.4 billion to US\$1.6 billion. Sales volume increased from 166.3 million tonnes to 184.7 million tonnes.

Forecasts for 2009-2013

The baby food segment is expected to grow 48% over the period. Milk formula is expected to grow by 47.8%, while dried baby food will grow 45%, and prepared baby food will increase by 72.5%.

Main Sectors 2008-2009

Milk formula was the key sector, rising from US\$1.3 billion to US\$1.4 billion.

Sales of dried baby food rose from US\$72.7 million to US\$80.4 million.

Sales of prepared baby food increased from US\$4.8 million to US\$5.5 million.

Main Producers and their Indonesian Brands

Nestlé Indonesia is the main producer of baby food, holding 25.3% of the market in 2008. Its main two brands are Dancow and Locatogen.

Sari Husada, a private label brand, held 16.4% of the market for baby food in 2008. Its leading brand is SGM.

Kalbe Famra was the third top producer of baby food in 2008, holding on to 12.2% of the market. Its main brands are Morinaga and Chil Kid.

► CONFECTIONERY

Sales in this sector have grown from US\$1.3 billion to US\$1.4 billion. Sales volume rose slightly from 200.1 million to 210.3 million tonnes.

Forecasts for 2009-2013

Sales of confectionery will grow by 44.6% in the next five years. Chocolate confectionery sales will increase by 46.4%. Sales of sugar confectionery are expected to increase by 42.8%, and gum sales will increase by 46.9%.

Main Sectors 2008-2009

Sugar confectionery sales increased from US\$662.4 million to US\$727.2 million.

Sales of chocolate confectionery increased from US\$534.8 million to US\$586.5 million.

Gum sales increased slightly from US\$99.2 million to US\$107.5 million.

Main Producers and their Indonesian Brands

Perfetti Van Melle Indonesia is the top player in the sugar confectionery segment, holding 20.0% of the market in 2008. The leading brand from this company is Mentos.

Ceres dominates the chocolate confectionery market, controlling 46.8% in 2008. Its top brands are Silver Queen, Top, Delfi, Van Houten and Cha Cha.

Perfetti Van Melle Indonesia held 53.8% of the gum market in 2008. Its main brands are Big Babol and Happydent.





► KEY MARKET SEGMENTS (CONTINUED)

► OILS AND FATS

Sales in this sector have declined slightly, from US\$887.0 million to US\$883.3 million. Sales volume rose from 593.2 million to 626.8 million tonnes.

Forecasts for 2009-2013

Sales of oils and fats are expected to grow by 27% by the end of 2013. Vegetable and seed oil sales will increase by 21.4%, while sales of spreadable oils and fats will increase by 37.5%. Margarine sales will increase by 40.9%.

Main Sectors 2008-2009

Vegetable and seed oil sales decreased from US\$609.1 million to US\$578.7 million.

Spreadable product sales increased from US\$147.4 million to US\$160.6 million.

Margarine sales increased from US\$95.6 million to US\$106.6 million.

Main Producers and their Indonesian Brands

Salim Ivomas Pratama was the leading brand in 2008, holding 46.2% of the market for oils and fats. Its main brand is Bimoli.

SMART held 15.2% of the market for oils and fats in 2008. Its leading brand is Filma.

Unilever Indonesia held 13.3 % of the market for oils and fats in 2008. Its leading brand is Blue Brand.

► SWEET AND SAVOURY SNACKS

Sales of sweet and savoury snacks have increased from US\$791.8 million to US\$ 869.7 million. Sales volumes have increased from 281.8 million to 294.4 million tonnes.

Forecasts for 2009-2013

Sweet and savoury snack sales are expected to increase in sales by 40% over the period. Extruded snacks are expected to increase by 38.9%, nuts by 35.9% and other sweets by 54.4%.

Main Sectors 2008-2009

Extruded snack sales increased from US\$388.0 million to US\$428.7 million.

Sales of nuts rose, from US\$277.6 million to US\$299.8 million.

Other sweets sales rose from US\$70.4 million to US\$79.2 million.

Main Producers and their Indonesian Brands

Garudafood Group led the market in the sweet and savoury snacks segment, holding 24.8% of the market in 2008. Its main brand is Garuda.

Indofood Sukses Makmur took second place in the sweet and savoury snack market, holding 10.2% of the market in 2008. Its leading brands are Cheetos and Chiki.

Dua Kelinci held the third spot in the sweet and savoury snack market in 2008, with 7.3%. Its main brand is Dua Kelinci

► SAUCES, DRESSINGS, AND CONDIMENTS

This sector's sales increased in value from US\$472.6 million to US\$517.2 million. The volume of sales increased from 272.0 million to 284.8 million tonnes.

Forecasts for 2009-2013

In total, sales of sauces, dressings and condiments are forecast to increase by 38.6%. Sales of soy-based sauces are expected to increase by 36.9%, table sauces by 45.8%, and bouillon/stock cubes by 33.6%.

Main Sectors 2008-2009

Sales of soy-based sauces increased from US\$228.6 million to US\$249.2 million.

Table sauce sales increased from US\$122.9 million to US\$137.0 million.

Bouillon/stock cube sales increased from US\$34.8 million to US\$37.9 million.

Main Producers and their Indonesian Brands

Heinz ABC Indonesia dominated 29.8% of the market for sauces, dressings and condiments in 2008. Its main brand was ABC.

Unilever Indonesia held 18.4% of the market for sauces, dressings and condiments in 2008. Its leading brand is Bango.

Nestlé Indofood Citarasa Indonesia held 14.2% of the market in 2008. Its main brand is Indofood.

► KEY MARKET SEGMENTS (CONTINUED)



Company Shares (by Global Brand Owner) - Retail Sale Price Value - % Breakdown

Indonesia-Packaged Food Companies	2004	2005	2006	2007	2008
Indofood Sukses Makmur Tbk PT	12.6	11.2	10.9	10.6	13.6
Nestlé SA	4.5	4.8	4.9	4.9	4.8
Royal FrieslandCampina NV	-	-	-	-	3.5
Danone, Groupe	0.9	1.1	1.1	3.3	3.3
Unilever Group	2.8	2.8	2.7	2.6	2.7
Garudafood Group	2.1	2.1	2.2	2.1	1.9
Mayora Indah Tbk PT	1.7	1.7	1.8	1.8	1.9
Petra Foods Ltd	1.7	1.8	1.9	1.9	1.8
Orang Tua Group	1.6	1.5	1.5	1.6	1.6
Wings Corp	1.2	1.7	1.5	1.4	1.4
Perfetti Van Melle Group	1.3	1.3	1.4	1.4	1.3
Heinz Co, HJ	1.4	1.4	1.4	1.3	1.3
Kraft Foods Inc	1.3	0.8	0.7	1.4	1.3
Denis Frères SA	0.7	0.8	0.8	1	1.1
Artisanal	5.6	5.4	5.2	5	4.8
Private Label	1.4	1.6	1.8	2.1	2.2

Source: Euromonitor, 2010, Indonesia Packaged Food



Source : Planet Retail, 2010



Source : Planet Retail, 2010

The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

Packaged Food Sales In Indonesia

© Her Majesty the Queen in Right of Canada, 2010
ISSN 1920-6615 Market Indicator Report
AAFC No. 11217E

Photo Credits

All Photographs reproduced in this publication are used by permission of the rights holders.

All images, unless otherwise noted, are copyright
Her Majesty the Queen in Right of Canada.

For additional copies of this publication or to request an alternate format, please contact:

Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
Ventes d'aliments emballés en Indonésie

Canada 