

## **PT. Indofood Sukses Makmur Tbk Strategies for more International growth & Global Competition.**

**Abdulrahman Khaled Ba Wazir<sup>1</sup>, Daisy Mui Hung Kee<sup>2</sup>, Aric Farrel Gunawan Siregar<sup>3</sup>, Chan Siow Tian<sup>4</sup>, Chang Seng Loong<sup>5</sup>, Andre Wijaya Yamaputra<sup>6</sup>, Sara Wahbeh<sup>7</sup>**

Universiti Sains Malaysia<sup>1,2,3,4,5</sup>

Ma Chung University<sup>6</sup>

Kuwait University<sup>7</sup>

Correspondence Email: daisy@usm.my

### **ABSTRACT**

This research aims to explore the internationalization process of PT.Indofood Sukses Makmur Tbk. To know how the strategies deployed by the company compete in the international market as well as suggest potential internationalization method for PT.Indofood Sukses to pursue for more internationally existence. In this research the author used secondary data, such as previous journal and report issued by the company. The conclusion of this research is that the key of success from PT.Indofood Sukses Makmur Tbk, is the mix marketing strategy and also their cooperation with multi-national companies. Their cooperation with other multi-national companies also will help the company to avoid being collapsed and instead growing steadily in the local market and international market as well. For that reason the author will try to analyse the strategies deployed by PT.Indofood Sukses Makmur

### **INTRODUCTION**

PT Indofood Sukses Makmur Tbk is a food and beverage manufacturing company located at the Pasuruan, Indonesia. The company was established on 14<sup>th</sup> August 1990 and the founder was Sudono Salim with the name of PT Panganjaya Intikusuma. Later in 5<sup>th</sup> February 1994 the company's name was changed to what we know today which is PT Indofood Sukses Makmur Tbk. The company focused on the developing of instant noodle in the beginning of the establishment and then moves on to the other kind of food and beverages. Now the company internationalized its business by exporting the products to Australia, Asia, Africa as well as Europe.

PT Indofood Sukses Makmur Tbk's vision is "A Total Food Solution Company". And the mission of the company included provide sustainable solutions for food need, continuously improve our people, processes and technologies, contribute to the welfare of the society and environment in a sustainable manner as well as continuously improve stakeholders' values. "With discipline as the basis of our way of life; We conduct our business with integrity; We treat our stakeholders with respect; and together we unite to strive for excellence and continuous innovation." These are the core values, which the company always hold in order to sustain internationally.

# Indofood

THE SYMBOL OF QUALITY FOODS

Furthermore, PT Indofood Sukses Makmur Tbk had won many awards and certifications nowadays. For instance, Indonesia Champions for ASEAN 2018, Indofood as a company with significant progress and stellar performance in its business sector in Asian Market. Secondly, 100 Fastest Growing Companies Awards 2018, PT Indofood Sukses Makmur Tbk as Top 100 Fastest Growing Companies in Consumer Goods – Food and Beverage sector. Next, Social Business Innovation Award 2018, PT Indofood Sukses Makmur Tbk as Top 3 Social Business Innovation Company 2018 in Food and Beverage Category. While for the certifications, the company certified with AIB International Consolidated Standards for Food Safety in 2019.

PT Indofood Sukses Makmur Tbk has produced many types of products innovatively instead of instant noodles under the team's effort in the field of research and development. The company successfully produce noodles, dairy, snack foods, food seasonings, nutrition and special foods, beverages, flour, pasta as well as edible oils and fats. PT Indofood Sukses Makmur Tbk is now one of the Indonesia companies, which can compete with foreign competitors in the international market. The key success are its mix marketing strategy and the ways it corporates with other companies by acquisition and licensing in order to sustain in global market.



### 3.1 PRODUCT AND SERVICE:

PT. Indofood Sukses Makmur Tbk (INDF) is engaged in processed food, seasoning, beverages, packaging, cooking oil, wheat grain mills and flour sacks textile manufacturing.

#### **Noodles:**

The Noodles Division is one of the world's largest instant noodles manufacturers and the market leader in its industry in Indonesia. The Division produces and markets instant noodles products in various brands and formats that serve different market segments. Indomie, the flagship brand, has stayed top-of-mind among consumers both domestically and internationally. Pop Mie leads the cup noodle category. Sarimi Gelas has grown steadily since its launch in 2015 to take second place in the mug noodle segment. Supermi, Sarimi and Sakura are equally entrenched as familiar household brands. The Division also produces egg noodles under the brands Mie Telur Cap 3 Ayam and Sakura

#### **Dairy:**

The Dairy Division is operated by PT Indolakto, an indirect subsidiary of ICBP, and one of Indonesia's leading producers of ultra-high temperature ("UHT") milk, sterilized bottled milk, sweetened condensed creamer ("SCC"), pasteurized liquid milk, multi cereal milk, milk flavored drinks, powdered milk, ice cream and butter. The Division is recognized for its distinguished brands and quality products. Indomilk, which has a 50-year heritage in Indonesia, is the Division's flagship brand for milk products. Other brands include Cap Enaak, Kremer, Tiga Sapi, Indomilk Kids and Milkuat for milk products; Indoeskrim for ice creams; and Orchid Butter for butter.

#### **Snack Foods :**

The Snack Foods Division comprises two business units: snack foods and biscuits. The snack foods unit is a JV company with Fritolay Netherlands Holding B.V., a PepsiCo affiliate, which produces modern and traditional snacks made from potato, cassava, soybean, sweet potato and corn, as well as various extruded snacks marketed under the Chitato, Qtela, Lay's, Doritos, Cheetos, Jetz and Chiki brands. The biscuits unit is solely operated by ICBP and produces a range of biscuit brands targeted at different market segments, such as Wonderland for families, Dueto for children, Canasta for teens and young adults, Trenz for young adults, and Indofood Inti Gandum for matured adults.

#### **Food Seasonings:**

The Food Seasonings Division is one of the leading producers of culinary products in Indonesia. Its offerings, which range from soy, chili and tomato sauces to recipe mixes, are marketed under Indofood and Indofood Racik brands. The Division also manufactures and markets cordial syrups under Indofood Freiss brand, and instant porridge under the Buburia brand.

#### **Nutrition & Special Foods:**

The Nutrition & Special Foods Division is one of the leading players in Indonesia's baby food industry. The Division produces a wide range of nutritionally balanced specialty foods for infants, toddlers and children as well as expectant and lactating mothers. Its products include cereals, noodle soup, biscuits, puddings and rice puffs for infants and toddlers, cereal snacks for children, cereal powdered drinks for the whole family, as well as milk products for expectant and lactating mothers. These are marketed under the Promina, SUN, Govit and GoWell brands to target consumers across different market segments.

#### **Beverages:**

The Beverages Division is managed by PT Anugerah Indofood Barokah Makmur ("AIBM"), a subsidiary of ICBP. It produces a wide range of ready-to-drink ("RTD") teas, packaged water and fruit flavored drinks, which are marketed under Ichi Ocha, Club and Fruitamin brands.

#### Packaging:

Finally, the Packaging Division produces flexible and corrugated packaging to support Group operations and for third-party clients. While the Division plays a supporting role as part of Indofood's Total Food Solutions concept, its work is nevertheless critical to the entire chain of operations.

## **RESULTS AND DISCUSSION**

### **4.1 MARKET OPPORTUNITY ANALYSIS**

#### **1. Exporting, importing, and countertrade**

Indofood applied some entry modes that describe above. The most common method of buying and selling goods internationally is exporting and importing. Exporting is the act of sending goods and services from one nation to others and that importing is the act of bringing goods and services into a country from other countries. Indofood company also do exporting and importing in its business. Indofood has ability to expand regionally and globally. Drawing on First Pacific's experience in marketing goods across Asia and Nissin Food's worldwide expertise in the food business, Indofood have more capability to accelerate its expansion into regional markets. Moreover, Indofood's instant noodles last year, the company exported products to more than 35 countries, which accounted for approximately 15% of revenues and it is expected that there is room to significantly increase this proportion. (Indofood Annual Report, 2005). There are three main reasons why this company begin exporting.

1. Expand sales
2. Diversify sales
3. Gain experience Degree of export involvement by Indofood

There are two basic forms of export involvement, that is :

#### **1 Direct exporting**

Occur when a company sells its products directly to buyers in a target market.

#### **2 Indirect exporting**

Is a practice by which a company sells its products to intermediaries who resell to buyers in a target market? There are several different types of intermediaries: agents, export management companies, and export trading companies.

Indofood apply direct exporting, that is by selling the product directly to the end users. Typically, they rely on either local sales representatives or distributors. Sales representatives (whether an individual or an organization) represent only its own company's products, not those of other companies. They promote the product in many ways, such as by attending trade fairs and making personal visits to local retailers and whole sellers.

Through indirect exporting, Indofood also has intermediaries, which are agents, individuals or organizations that represent one or more indirect exporters in a target market. Agents typically receive compensation in the form of commissions on the value of sales. Because establishing a relationship with an agent is relatively easy and inexpensive, it is fairly common approach to indirect exporting.

#### **1. Investment entry modes**

For investment entry modes, indofood held joint ventures, that is separate company that is created and jointly owned by two or more independent entities to achieve a common business objective. Under certain circumstances, companies prefer to share ownership of an operation rather than take complete ownership. Joint venture partners



can be privately owned companies, government agencies, or government-owned companies. Each party may contribute anything valued by its partners, including managerial talent, marketing expertise, market access, production technologies, financial capital, and superior knowledge of or techniques of research and development.

Bogasari world's largest floor mill, Currently Indofood is the world's largest instant noodles producer with an installed annual capacity of over 13 billion processed packs and 23 manufacturing plants throughout Indonesia (PT. Indofood, 2003). Indofood brands, distributed in Indonesia through one of their own division and internationally Indofood subsidies by the third party distribution agency. Specifically for instant noodles products, the well-known and trusted brands of Indofood include household names such as Indomie.

Indofood continues to benefit from its significant competitive advantages in Indonesia. In 1998 the Joint venture between Salim's Group's Food, First Pacific and Nissin Food Products Co. of Japan, the company's position in the market become stronger by making advances into international market share.

#### 5.1 Political, economy, social and technological environment

The political environment of business are the political factors that can affect the way in which businesses operate, the businesses that are present, the obstacles that a business may face, and the likelihood of success of different types of businesses. According to the Business Dictionary the political environment is the government actions which affect the operations of a company or business. These actions can be present on several different levels including the local, state, regional, national, and international level. Those who own businesses often pay close attention to these factors to deduce the way in which government actions will affect their business.

The political environment of business is often a significant issue when discussing international businesses. The political environment of business often affects the choice of foreign market that a company will enter. This is due to the fact that it can affect the regulations that the business may face, the amount of government interference that a company can expect, the profitability of the choice to enter this market and more. In addition, the stability of the country's government and economic system are often very important factors.

Macroeconomic factors are factors that affect the entire economy, not just one business. Examples include things like interest rates, unemployment rates, currency exchange rates, consumer confidence, consumer discretionary income, consumer savings rates, recessions, and depressions.

The economic environment consists of external factors in a business market and the broader economy that can influence a business. You can divide the economic environment into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers - and the macroeconomic environment, which affects an entire economy and all of its participants. Many economic factors act as external constraints on your business, which means that you have little, if any, control over them. Let's take a look at both of these broad factors in more detail.

Macroeconomic influences are broad economic factors that either directly or indirectly affect the entire economy and all of its participants, including your business.

Social factors are basically sociological factors related to general society and social relations that affect your business. Social factors include social movements, such as environmental movements, as well as changes in fashion and consumer preferences. For example, clothing fashions change with the season, and there is a current trend towards green construction and organic foods.

Technological factors are technological innovations that can either benefit or hurt your business. Some technological innovations can increase your productivity and profit margins, such as computer software and automated production. On the other hand, some technological innovations pose an existential threat to a business, such as Internet streaming challenging the DVD rental business.

## 2.0 Idea Declaration

Much has been achieved, particularly in the last two decades for PT. Indofood, when it comes to expanding and internationalisation in practice, as well as its conceptual dimensions. But much more lies ahead for internationalisation globally, as new dynamics come into play in higher education systems and in institutions young and old, far and wide, and as an emerging generation of higher education scholars and analysts begins to find its voice.

From our perspective, the best way for PT. Indofood to develop more internationalization to pursue much more growth in the future through horizontal Direct foreign investment

When a firm physically invests in any another country, it is referred as Foreign Direct Investment (FDI). The major advantage of this method is that the firm has greatest level of control over its proprietary information and technology. By Acquisition of an existing foreign company has a number of advantages compared to green-field investment. For example, it allows an immediate presence in the market which results in a fast return on capital and ready access to knowledge of the local market. Also, problems associated with green-field investments such as cultural, legal and management issues are avoided.

## 3.0 Ideas Justification

Indofood continues to benefit from its significant competitive advantages in Indonesia. In 1998 the Joint venture between Salim's Group's Food, First Pacific and Nissin Food Products Co. of Japan, the company's position in the market become stronger by making advances into international market shareowner ,Indofood's strongest legacy today is the strength of its brands, many of which have been companions to the people of Indonesia for years. These include a variety of brands of instant noodles (*Indomie*, *Supermi* and *Sarimi*), wheat flour (*Segitiga Biru*, *Kunci Biru* and *Cakra Kembar*), cooking oil (*Bimoli*), therefor Indofood is able to achieve more expansion through forgine direct advatge .

Indofood "Strategy can be seen as a pattern of decision making or resources allocating that define how, what, or why did the organization did it." (Byson,2004). As for the strategy management is "a series of managerial decisions and long-term decision making in a company" (Wheelen & Hunger,2012) .

Indofood's strongest legacy today is the strength of its brands, many of which have been companions to the people of Indonesia for years. These include a variety of brands of instant noodles (*Indomie*, *Supermi* and *Sarimi*), wheat flour (*Segitiga Biru*, *Kunci Biru* and *Cakra Kembar*), cooking oil (*Bimoli*),.

Developing a global marketing strategy helps Indofood's strongest in many ways. The first way is that marketing globally improves the effectiveness of Indofood's strongest

company's products and services. As Indofood company grows and learns, the more effective Indofood become at rolling out new and improved products to the market . however , Indofood' company continues to offer their customers better options and offers, Indofood's company should share their improvements with a wider audience globally . Creating a global marketing strategy allows Indofood' company to do this.

By having global marketing strategy, Indofood creates a stronger competitive advantage. Many companies don't have a difficult time at competing on a local basis. Since Indofood has no problem competing on a local basis, we believe Indofood has the chance to improve its competitive advantage and compete on a global basis via more controllable methods such as direct foregin investment .

By Competing on a global basis allows customers worldwide to be better-informed and more focused on the products and services Indofood's offer. Indofood's comprehensive global marketing strategy also allows Indofood to adapt quickly wherever needed based on customer demands and trends in the global marketplace.

Another benefit of global marketing is that it increases the customer awareness of Indofood's company. When customers all around the world are informed about the products or services Indofood's company offers, they are able to interact with your company now that they know about your company and the many benefits you have to offer them. The internet has allowed customers to track the progress of products all over the world so if your company steps up its global marketing game, customers around the world will notice.

#### Strategy for entering International Market Marketing Mix Strategy

In facing the increasingly complex global market, PT Indofood Sukses Makmur needs to develop specific strategies, especially in the fields of production, marketing, sales, and pricing also CSR Policy.

#### Production Strategy

1. Continuous innovation  
Innovation in terms of quality and taste continues to be developed by adjusting the results of research on the desires and tastes of consumers. With its extensive market to foreign countries, Indofood also develops the taste of Indomie by region.
2. Build factories abroad  
In expanding, Indofood, beside to exporting industry, they also built indomie production plants abroad. In addition to neighboring Malaysia, Indofood has also opened factories on the African continent, including factories in South Africa, Egypt, Nigeria and Kenya.
3. Standardization of Indomie products is a typical Indonesian food that is a delicacy. One of the advantages of indomie is the taste that can be accepted throughout the world. In fact, many of Indonesia's tourists visit abroad, looking for indomie as a means of longing for Indonesian cuisine. Therefore, the production activities carried out by Indomie have been standardized in all factories in the world, both in terms of packaging and products to maintain quality and taste. The main characteristics of the company in industrial production are mass production. The meaning is, the variation of goods produced is relatively small but with a large volume of production. Indomie focuses on strengthening the taste and brand for existing products. This can be seen from the packaging design that has not changed much and tends to be

rigid. There are no innovations in product design and packaging intended to strengthen the brand and consumers' memories of Indomie.

#### 4. Maintaining Quality

To emerge in the international market, the company launched a commitment to produce quality, safe, and halal food products for consumption. Freshness, hygiene, nutritional, taste, practical, safe and halal aspects for consumption are always the company's priorities to ensure the quality of products that are always excellent. Indomie production in particular also pays attention to security for customers. But not only is it a matter of product safety, but more than that, the production process must be in accordance with international standards. Second, the raw materials obtained must be from gardens or agriculture that have met the standards of good coming practice. Indofood has also fulfilled international standard requirements for exporters to enter certain countries in the form of ISO 9001: 2008 certification, HACCP (Hazard Analysis & Critical Control Points) and halal certificates. Because if there is no guarantee of security, the retail shop does not want to sell because it is rejected by consumers. (Al-Ayyubi, 2014)

#### Placement Strategy

The Indofood Group has the widest distribution network in Indonesia, penetrating to almost every corner of the archipelago. The number of stock points (warehouses) has been aggressively propagated since 2005, so as to provide wider penetration through the supply chain and delivery. Variables that can be analyzed in the location placement strategy of PT. Indofood is:

1. The Distribution Channels of every goods and services company will not be separated from the problem of distributing the goods produced. Producers have the right to determine the distribution policy to be selected and adjusted for the type of goods and the extent of the sales fleet to be used. Whereas for the Indomie distribution stages are from Manufacturers → Wholesellers → Retailers → Consumers. Because, instant noodle products are durable and not easily damaged so Indomie products don't matter if using a long distribution channel. Examples of Wholeseller distribution channels are almost comprehensive to all major wholesalers throughout Indonesia such as Giant, Hypermart, Carrefour and so on, and also retailers such as Indomaret and sellers of grocery stalls spread throughout Indonesia

2. Final Sales Region in 1980 PT. Indofood began to move on the international market by exporting instant noodles to several ASEAN countries, the Middle East, Hong Kong, Taiwan, China, the Netherlands, the United Kingdom, Germany, Australia and countries in Africa, even consumers from Nigeria were the largest in the world. In Indonesia alone, Indomie's sales have been comprehensive from Sabang to Merauke, even in Yogyakarta agents work together to provide Indomie with food stalls such as Burjo (warung which provides green bean porridge and instant noodles / fried noodles as the main menu) which number in hundreds

3. Location of outlets already exists in Indonesia in several ASEAN countries and also America and Europe. The location of the factory is spread in 15 cities, including Medan, Pekanbaru, Palembang, Tangerang, Lampung, Pontianak, Manado, Semarang, Surabaya, Banjarmasin, Makassar, Cibeitung, Jakarta, Bandung and Jambi, while branches without factories are Solo Bali and Kendari. It is intended that the products produced are sufficient to be distributed to the area around the city where the factory is located, so that the products can be received by consumers in a fresh state and help government programs through equal distribution of local labor.

4. The level and location of inventory The stock warehouse is placed in areas that have a lot of retail assets, including traditional markets, so that each warehouse can serve each geographical area in the shortest possible time.



5. Transportation system Currently PT. Indofood already has more than 1200 operational vehicles whose marketing activities play a very important role in selling their products to the public through their own sales operating in DKI Jakarta, Java, Bali, Sumatra, Kalimantan and Sulawesi. As for areas outside these areas, indirect sales are carried out through distributors and new retailers and wholesalers to end consumers.(Puspita,2014)

#### Promotion Strategy

Indomie has a very simple tagline but it is very fitting and easy to be heard and remembered by the community, namely, "Indomie Seleraku" while the name or brand of Indomie is one of the successes of choosing a product name so that the product is well known especially to the people of Indonesia. A short, simple but unique name, easy to remember, is a factor in that success.

The Indonesian people themselves assume that the name or brand of Indomie originates from an Indonesian-noodle extension, giving rise to the assumption that indomie brings national identity. Indomie is currently in a mature, stable position, has a very strong brand that can survive as the Top of Mind brand of instant noodles. At this stage Indomie is still holding a promotion to remind consumers that Indonesia is still exist and always innovates its products and promotion strategies. Mie Sedaap was seized by the market by Indomie so that the industrial market share declined, although it still controlled most of the Indofood markets, which continued to intensify promotions, especially through electronic media, especially television.

With mass promotion using attractive advertising, Indofood strives to instill a product brand with consumers so that its position is stronger in the consumer's brand image. In addition to electronic media, Indofood also promotes by making indomie as an event sponsor, which is done by doing roadshows or making festive events in a region or place. By doing this event, we as producers and the community as consumers feel closer to the company or product offered. The event also aims to offer and promote even sell the products offered. Usually this event presents famous people and influences as well as public figures such as artists, motivators and so on as the attraction of the event.

One of the event activities, such as: Indomie held an event to make a jingle song for high school students, the event was titled Jingle Dare. This is intended to further increase the brand awareness of teenagers / students regarding independent products. Indomie sees teenagers / students as future customers, so since now Indofood has begun to provide some kind of education about Indomie. (Puspita,2014).

#### Pricing Strategy

The pricing method chosen is the mark up pricing method, because this method can determine the profit we want. Besides this method is the easiest method and only sets the desired profit. For example, the desired profit from independent sales is 50%. Cost / unit = Rp. 900. Price markup = Rp. 900:  $(1-0.5) = \text{Rp. } 1,800$  / pcs. Indomie will be sold at a low price first. Besides that, indomie will be a sponsor of a large event and a humanitarian contribution with the aim that this product is better known by the wider community. Event and humanitarian fees are charged to the product = Rp150 / pcs. Image = IDR 50 / pcs = IDR 200 / pcs. The final price taken is IDR 2,000 / pcs. (Martoyo,2014)

#### 4.0 Idea application

"The international market is a wide market opportunity for the company to use. This is because the size of the market is very huge and have many potential that have not been utilized by many people." (Lassare,2010)

Therefore Indofood should pursue horizontal foreign direct investment (FDI) which is an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets in a foreign company. However, FDIs are distinguished from portfolio investments in which an investor merely purchases [equities](#) of foreign-based companies.

Indofood horizontal direct investment refers to the company establishing the same type of business operation in a foreign country as it operates in its home country.

Horizontal multinationals are firms that produce the same good or services in multiple plants in different countries, where each plant serves the local market from the local production. Indofood has to consider Two factors are important for the appearance of horizontal FDI: presence of positive trade costs and firm-level scale economies. However, due the low prices advantage Indofood offers, it has a higher chance of achieving economic pf scale in the foreign market.

Indofood's main motivation for horizontal FDI is to avoid transportation costs or to get access to a foreign market which can only be served locally. Establishing a foreign production instead of serving the market by exports, licensing or venture means additional costs of dealing with a new country without having the proper control over their production. Moreover, there are production costs, both fixed and variable, depending on factor prices and technology. The plant-level economies of scales will increase the costs of establishing foreign plants. On the other side of the equation, there are cost savings Indofood can achieve by switching from exports or other internationalization methods to local production via horizontal FDI. The most obvious are transport costs and tariffs. Additional benefits arise from the proximity to the market, as shorter delivery and quicker response to the market becomes easier

#### 4.1 Key factors that has helped Indofood prosper internationally :

##### 4.1.1 Corporate Social Responsibility (CSR) Strategy

"The synergistic approach of CSR and the company strategy as a whole. This synergy can be obtained when the company is giving contribution to their social environment corresponding to their core-competency or in other word the CSR also have to give benefits to the company. Beside that the CSR is the company natural mechanism to 'clean' big profits obtained. It is known that, the method used by companies to obtain profit sometimes harms other people, even when it is not intentionally and even worse when it is intentionally. It is said as a natural mechanism because CSR is the consequences of decisions and actions taken by the company, then it is the company responsibility to make the people affected to have a better condition." (Prastowo & Huda,2011)

##### 4.1.2 International Cooperation

Is a cooperation carried out between one country and another, by having a common and mutually beneficial goal but still guided by politics, and economics of the countries that cooperated.

#### 4.1.3 Licensing

Licensing is a contract where someone is given ownership or privilege to produce or to use something, but not a direct selling. (Law Dictionary by Ph.Collin)

#### 4.1.4 Joint Venture

Is a form of alliance that emphasize more on the cooperation than a short-term relationship. Joint venture company is formed when both parties personally think of being a long-term partner and wants to manage their company as one.

Joint Venture can include 3 things: First is a contractual joint venture where 2 or more party wants to cooperate in order to do some business or project. The second one is partnership where the parties involved just do a simple cooperation and did not create a new company. The last one is corporate joint venture which is a cooperation that include merging of the company involved.

#### 4.2. Part of the idea application is SOWT analysis

##### ANALYSIS

##### SWOT Analysis

SWOT analysis is a form of analysis in a company management that systematically help in building a strong plan to reach goals, in short-term or even in long-term.

##### a) Strength

These are the strength of PT Indofood Sukses Makmur Tbk :

1. Expertise in promoting Indonesian Flavors
2. Low Cost Production
3. Wide Distribution Range
4. Have one group manage their products distribution
5. Their speed on reaching the consumer
6. Have many subsidiaries
7. Their instant noodles that is already well-known to people in Indonesia
8. Have huge human resources so they can produce much more products
9. They keep innovating to adjust their consumer taste
10. They have already growing in International Market

##### b) Weakness

These are the weaknesses of PT Indofood Sukses Makmur Tbk :

1. They have too much brands in the same category
2. There are too many flavors created
3. Market demand have yet to be completely fulfilled
4. Their products are still using artificial flavoring
5. Huge marketing costs
6. Their raw ingredients are not enough overseas

##### c) Opportunities

These are the opportunities of PT Indofood Sukses Makmur Tbk,

1. Their market keep growing,
2. The market segmentation is not too significant because their products keep to adjusting all of their consumer
3. Using e-business in order to grow their market share via internet
4. Expanding Overseas
5. Joining with companies that have similar products

6. Doing diversification toward other products

d) Threats

These are the threats of PT Indofood Sukses Makmur Tbk,

1. Tight competition done by competitors in terms of advertising and innovation
2. Does not focus on one type of product
3. Always facing new competitors with the same type of product
4. There are a lot of similar competitors
5. The possibility of anti MSG and other hazardous substances

### **CONCLUSIONS**

From our perspective, the company in internationalization will be increase the profit through the set the strategies and change from time to time. So that the recommendation should be suggested to lead the company into more potential growth. The company should invest to some field which are sponsorship and research.

#### **Packaging**

The packaging should become more relevant to the culture of target market. The color used should be more bright and colorful to attract the attention of the target customer. Besides that, the packaging should update and change from time to time according to the festival. This is because this will make consumer and company getting closer because customer think that it is kindness.

#### **Sponsor**

The sponsor of product or coupon should be given to some event. The sampling should be given in some event but also need to fulfil their needs. For instance, the noodles can be sponsor at some camp to fulfil their needs. This will make target market think that this product is necessary when they are doing the event or camp propinquity.

The research and development should be doing from time to time. This is because company could know the needs of market from time to time. Besides that, they can do the revolution to the product according to needs of market. For example, the sampling promoter could be hired to push the sales and get the information such as the feedback and their forecast about the product latest.

### **REFERENCES**

<https://corporatefinanceinstitute.com/resources/knowledge/economics/foreign-direct-investment-fdi/>

<https://hbr.org/1976/05/test-marketing-in-new-product-development><https://hbr.org/1975/11/strategies-for-high-market-share-companies>

<https://hbr.org/1975/11/strategies-for-high-market-share-companies>