Australian Government

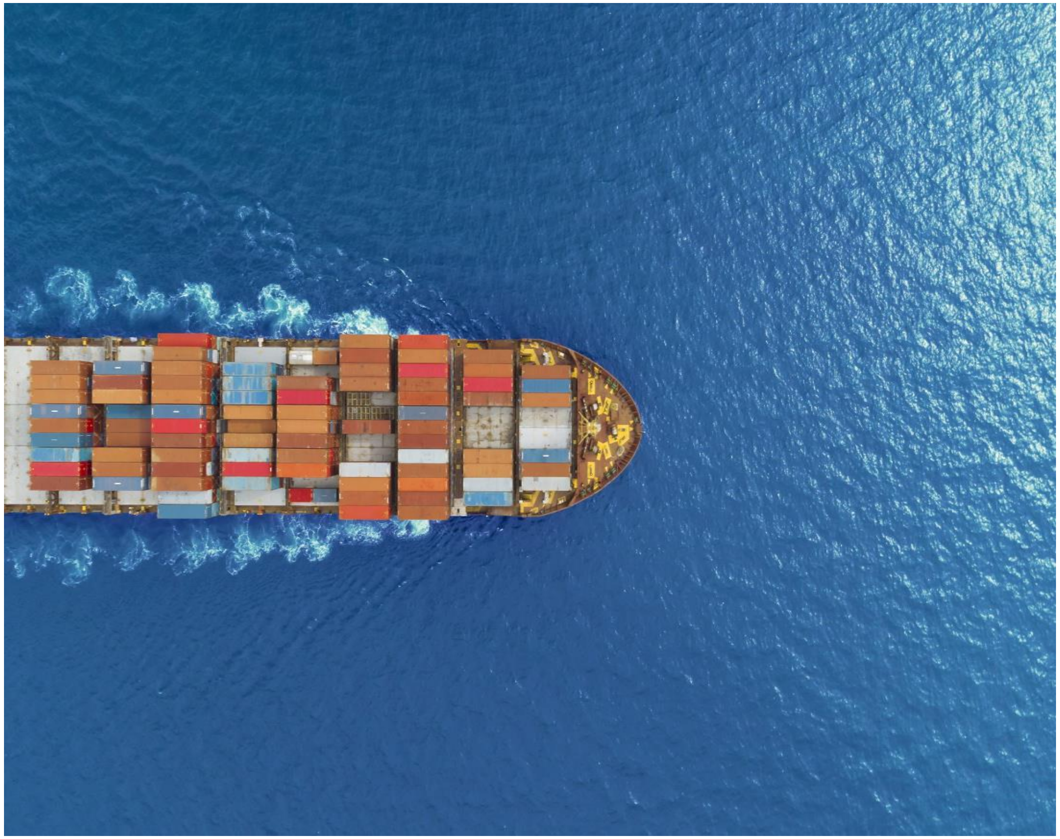
Australian Trade and Investment Commission

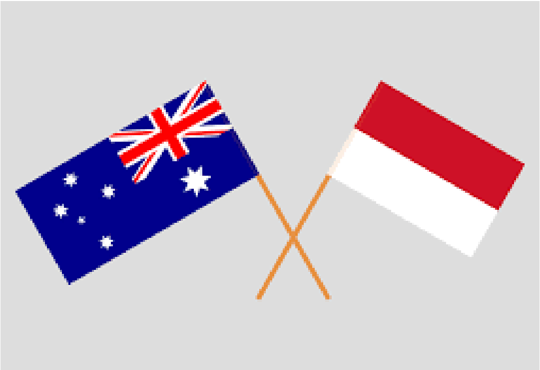
AUSTRALIAN FOOD & GROCERY COUNCIL

INDONESIAN FOOD & BEVERAGE MARKET INSIGHTS: LAUNCH of EXPORT GUIDE TO INDONESIA

Webinar: September 2020

Trade: Road to recovery





INDONESIA-
AUSTRALIA
COMPREHENSIVE ECONOMIC
PARTNERSHIP AGREEMENT

State of Industry 2018-19

$127.1bn
Total turnover
(+4.6%)

31.4%
AFG turnover
as % of manufacturing

$38.3bn
Exports
(+11.5%)

$36.8bn
Imports
(+10.1%)

274,835
Employment[1]
(+0.7%)

39.6%
Regional
employment for 2019

AFGC: Representing the industry

For 25 years the Australian Food and Grocery Council have represented a large and varied cross section of Australia's food and grocery manufacturers.

Launch : Food and Beverage export guide to Indonesia

Access the report from:
www. afgc.org.au

Acknowledge support

Australian Government
Australian Trade and Investment Commission

Australian Government
Department of Agriculture, Water and the Environment

EUROMONITOR INTERNATIONAL

Supported by funding from the Department of Agriculture , Water and Environment

INDONESIA FOOD AND BEVERAGE EXPORT GUIDE

A custom report compiled by Euromonitor International for Australian Food and Grocery Council (AFGC)

September 2020

SERVICES

Who is Euromonitor International?

Our Services

- Syndicated Market Research (Passport)
- Tactical Market Research (VIA)
- Custom Research and Consulting Services

Expansive Network

- On the ground researchers in 100 countries
- Complete view of the global marketplace
- Cross-comparable data across every market

Our Expertise

- Consumer trends & lifestyles
- Companies & brands
- Product categories & distribution channels
- Production & supply chains
- Economics & forecasting
- Comparable data across markets

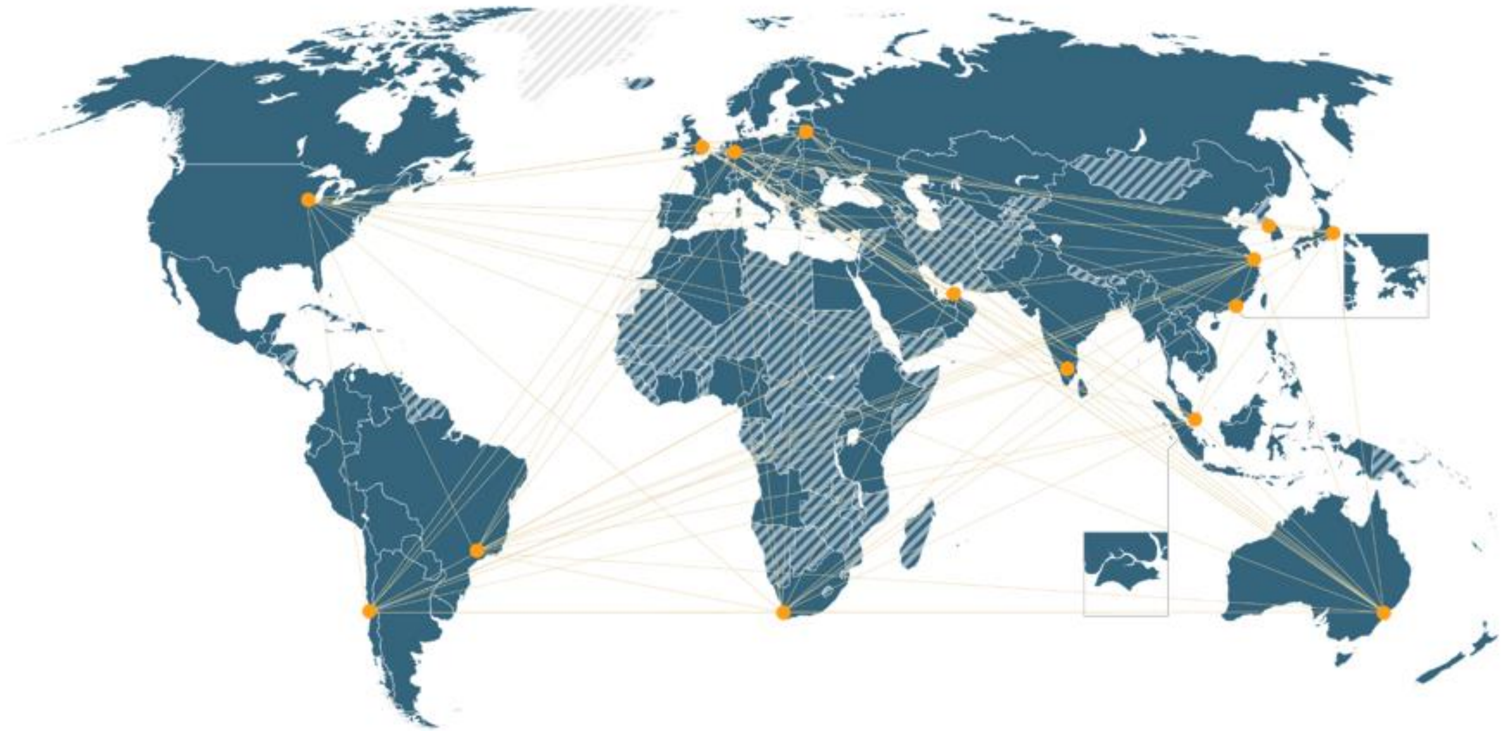
Our Project Team

Jorge Rosas
Project Director

Firdaus Muhamad
Consulting Manager

COVERAGE

Euromonitor International network and coverage



15 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, São Paulo, Hong Kong, Seoul and Düsseldorf

100 COUNTRIES
in-depth analysis on consumer goods and service industries

210 COUNTRIES AND TERRITORIES
demographic, macro- and socio-economic data on consumers and economies

Euromonitor International methodology

Analysis

- Analyse and triangulate the findings, to provide actionable insights

Internal Resources (Passport)

- Industry expertise of packaged food, soft drinks, and retailing
- Lifestyles survey
- Macro-economic and socio-economic data

Triangulation of findings from diverse research methodologies, to ensure robust research results and actionable insights.

Trade Interviews

- In-depth trade interviews with industry players such as brand manufacturers, distributors, retailers and industry associations served as a crucial input for developing project data and insights.

Secondary Research & Client Sources

- Secondary sources such as official statistics, trade data, company reports, industry magazines, and others, acted as a continuing check on data development

Store Audits

- Store audits across Jakarta and Bali provided tactical insights such as product range, country of origin, NPD, price levels, among others.

Consultations

- Consultations with government and industry bodies were conducted throughout the project. Key stakeholders involved were AFGC, Austrade, DAWE, GAPMMI (Indonesia).

ABOUT THE EXPORT GUIDE

What's included in the Indonesia Food and Beverage Export Guide?

Macroeconomic Landscape

A look into Indonesia's political context, trade landscape and economic performance. This section discusses key drivers of the economy and its prospects.

Indonesia's Food and Beverage Market

A deep dive into 5 major food and beverage categories where we will discuss market sizes, retail and foodservice performance, consumer trends, competitive landscape, product range and category prospects.

Supply Chain

The export guide paints the supply chain picture. This includes a route-to-market view for both domestic and imported products and analysis on key retail and non-retail channels for food and beverage.

Regulatory Overview

An introduction to Indonesia's import procedures. Understanding regulatory challenges and opportunities while showcasing key import requirements, processes and resources.

Stakeholders

A comprehensive list of Australian and Indonesian government stakeholders and their responsibilities as well as an initial view on the different major importers and distributors of food and beverages.

INDONESIA'S ECONOMY

Indonesia is expected to be the fifth largest economy in the world by 2030

2019

270.6Mn

Total Population

2024

284.5Mn

Total Population

Proportion of **urban** population is expected to grow from 54% in 2015 to **60% in 2024**

2019

298.3Bn

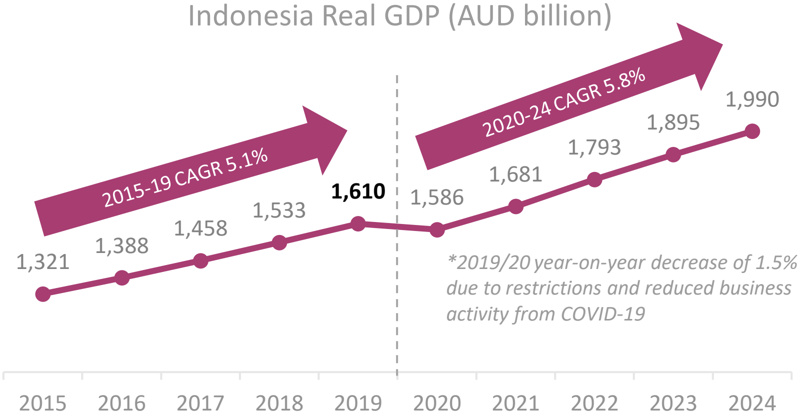
Consumer Expenditure

2024

368.8Bn

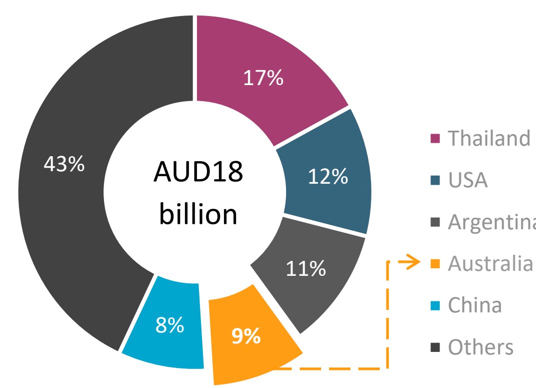
Consumer Expenditure

Indonesia Real GDP (AUD billion)



Driven by rising incomes, the rising middle class, controlled inflation, growth in export activity and public investment in infrastructure projects

Top 5 Food and Beverage Imported by Country

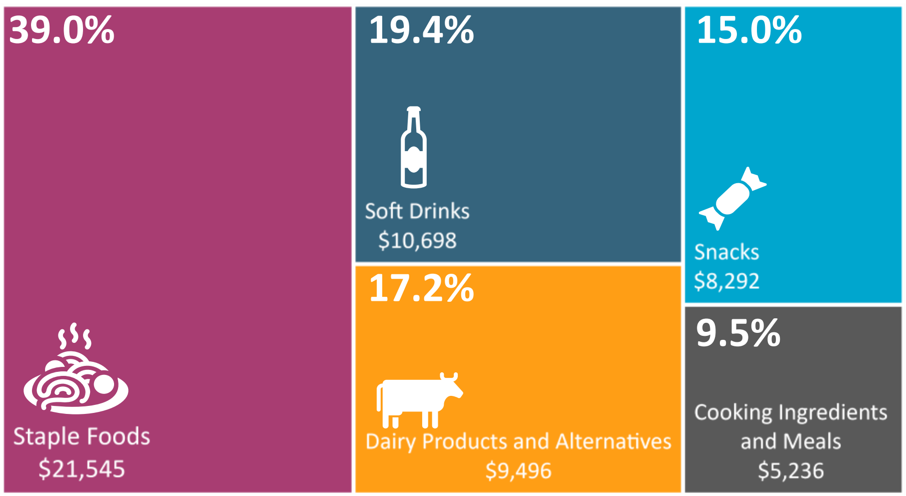


57% of its food and beverages imports come from Thailand, the US, Argentina, Australia and China

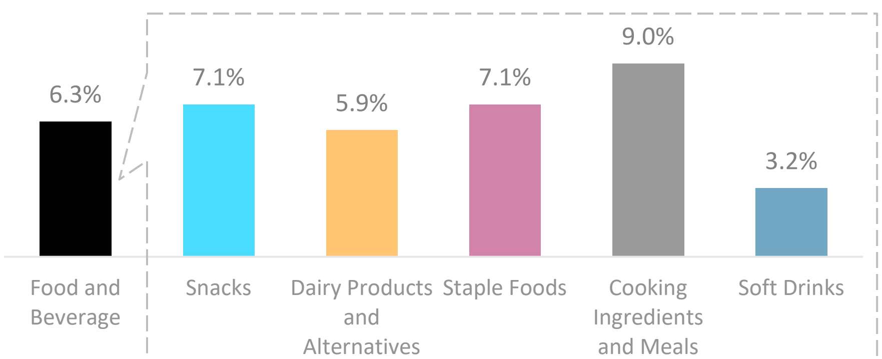
INDUSTRY OVERVIEW

Growth of Indonesia's food and beverage market is driven by expansion of modern retailers and increasing demand of premium products

Indonesia's **Retail** Food and Beverage Market (AUD mn, 2019)



2018-19 Year-on-Year Growth Rates (Retail Value)



Indonesia's food and beverage market was worth AUD 55.3 billion in 2019, registering year-on-year retail value growth of 6.3%.

- Expansion of convenience stores across the country
- Expanding middle class has led to increasing demand for premium products
- Product innovation and consumer openness or willingness to try new flavours and formats

Staple Foods and Cooking Ingredients and Meals were fastest growing sub-categories driven by innovation around new flavours, pack sizes and formats, boosting demand of frozen processed meat, convenient meal solutions, and new 'Western-like' products

INDUSTRY OVERVIEW

Health and wellness, convenience, and ethnic flavours are the major consumer trends in Indonesia

Snacks

Growing trend of "snacking lifestyle"

Increasing demand of "on-the-go" food products due to busy lifestyles

Increasing consciousness about the nutritional value of snacks

Dairy Products and Alternatives

Milk alternatives such as soymilk are starting to gain popularity

Growing demand for flavoured yoghurt, particularly in drinkable format

Health eating trend is influencing sales of certain yoghurt types

Staple Foods

Growing demand for organic rice from medium-to-high income households due to their higher disposable income and increasing wellness concerns

Consumers are increasingly asking for more ethnic flavours within instant noodles and baked goods

Cooking Ingredients and Meals

Younger Indonesian consumers are driving demand for convenient food solutions such as frozen ready meals

Consumers exposed to social media are engaging in new healthy recipes, ingredients and meals

Soft Drinks

Increasing consumer demand for RTD coffee and RTD tea

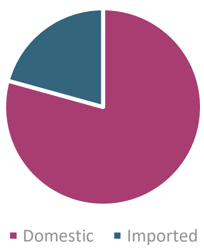
Health-conscious consumers shift from high sugar soft drinks to bottled water

Domestic products dominate Indonesia's food and beverage market

COUNTRY OF ORIGIN

Snacks

Domestic vs Imported*

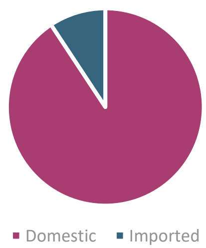


* All data is based on Jakarta data

- Japan
- South Korea
- Malaysia
- United States
- Germany

Dairy Products and Alternatives

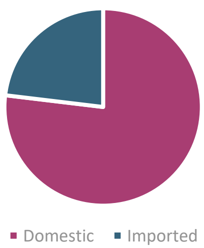
Domestic vs Imported*



- France
- Thailand
- Switzerland
- Denmark
- Australia

Staple Foods

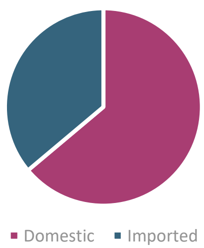
Domestic vs Imported*



- United States
- South Korea
- Malaysia
- Singapore
- Australia

Cooking Ingredients and Meals

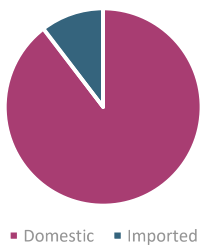
Domestic vs Imported*



- Malaysia
- United States
- China
- Spain
- Italy

Soft Drinks

Domestic vs Imported*



- Taiwan
- Austria
- Thailand
- France
- Australia

KEY BRANDS

Snacks	Dairy Products and Alternatives	Staple Foods	Cooking Ingredients and Meals	Soft Drinks
Silver Queen	Frisian Flag	Indomie	Bimoli	Aqua
Richeese	SGM	Mie Sedaap	Tropical	Le Minerale
Tango	Dancow	Ayam Jago	ABC	Teh Gelas

PROSPECTS

Indonesia’s F&B market will be driven by health-driven new product development, consumer pursuit of convenience and modern retail

Snacks	Dairy Products and Alternatives	Staple Foods	Cooking Ingredients and Meals	Soft Drinks
Market Size	Market Size	Market Size	Market Size	Market Size
2.8% CAGR 2020-24	2.0% CAGR 2020-24	3.6% CAGR 2020-24	3.0% CAGR 2020-24	2.9% CAGR 2020-24
9.3Bn Retail Value (2024)	10.7Bn Retail Value (2024)	27.0Bn Retail Value (2024)	6.3Bn Retail Value (2024)	12.5Bn Retail Value (2024)
Drivers	Drivers	Drivers	Drivers	Drivers
Growth of convenience stores	Growing demand for cheese and yoghurt products	Innovation around flavours and formats for instant noodles	Convenient meal solutions and easy-to-use cooking ingredients	Health-driven growth in bottled water and sports drinks
Healthy snacking and ‘on-the-go’ formats	Health concerns driving consumption of meal alternatives	Growing demand and awareness of frozen processed meat	New “Western” products, particularly within sauces	Innovative flavours and formats

STAKEHOLDERS

Key Indonesian stakeholders

National Agency of Drug and Food Control (BPOM)

The National Agency of Drug and Food Control, also known as BPOM, is responsible for overseeing the registration process of foreign food products and beverages, as well as issuing permits such as entry permit (SKI) and ensuring food safety control.

Ministry of Trade (MOT)

Indonesia's Ministry of Trade ensures import regulations are followed with the responsibility of issuing initial permits such as the import permit (SPI) to importers and distributors looking to bring processed foods to Indonesia.

Directorate General of Customs and Excise, Ministry of Finance (MOF)

The Ministry of Finance, through the Directorate General of Customs and Excise, oversees customs clearance of imported products as well as post-market control of imported goods. The ministry also collects any required import duties and taxes.

Ministry of Agriculture (MOA)

The Indonesian Ministry of Agriculture is also involved in the product registration phase and pre-shipment controls. It has the responsibility to issue a letter of recommendation for specific processed food categories, particularly those that are animal derived.

Indonesian Halal Product Assurance Agency (BPJPH)

The Indonesian Halal Product Assurance Agency is the main organisation responsible for the issuance of Halal Certification for products up for trade in Indonesia, as well as auditing of Halal Assurance Systems.

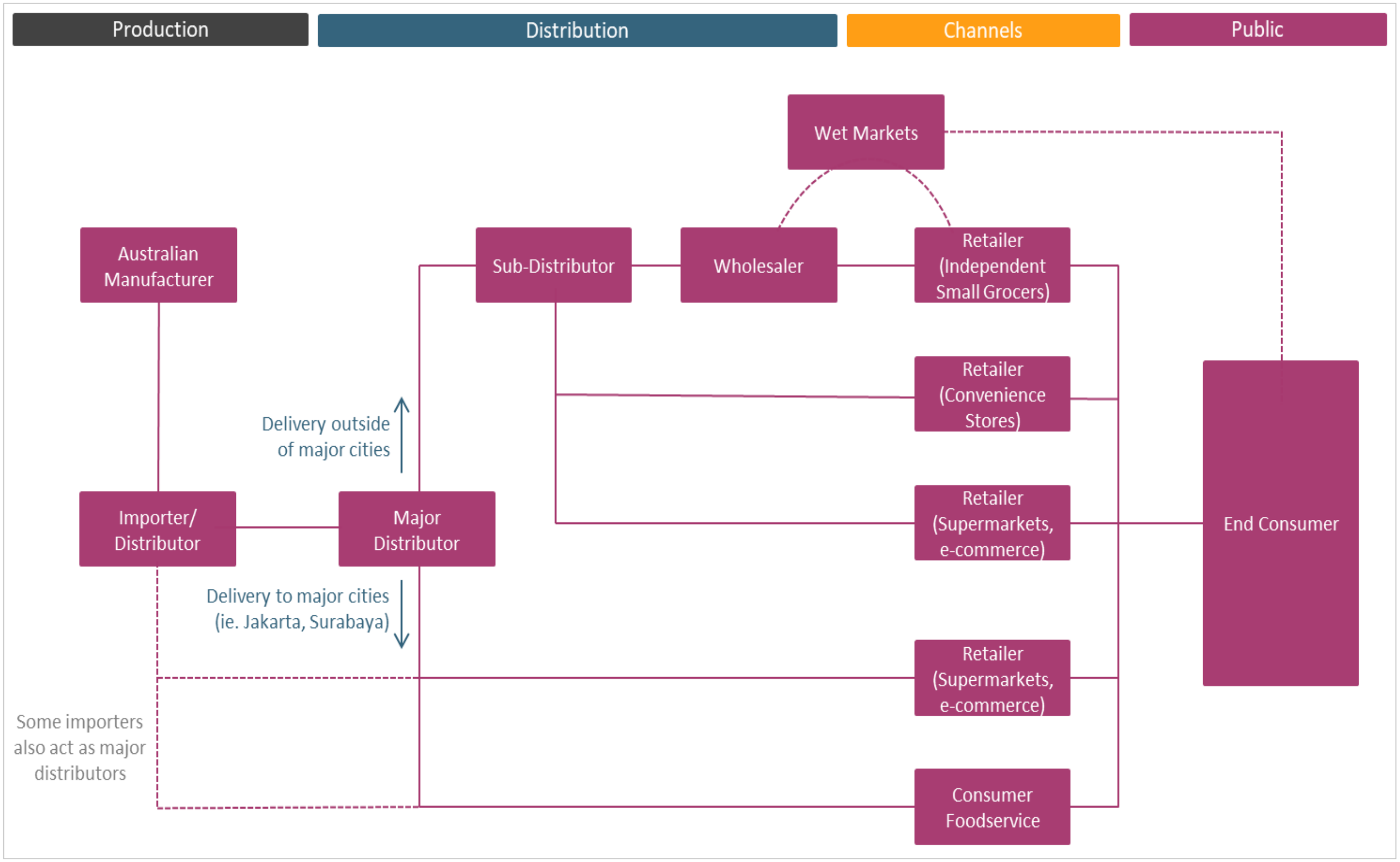
IMPORT PROCEDURES

Pre-shipment is the most important stage in Indonesia's import process

Stage	Procedures	Relevant Stakeholder
Pre-Shipment	**Find and appoint local importer/agent**	Indonesian Halal Product Assurance Agency (BPJPH)
	Export Establishment Registration	
	Obtain required certifications (e.g. Halal)	
	HS Code Checking	National Agency of Drug and Food Control (BPOM)
	Register products with the BPOM	
	Obtain import permit, recommendation and entry permit	Ministry of Agriculture (MOA)
	Pre-shipment product inspection	Ministry of Trade (MOT)
During Shipment	Departure	
	Surveyor report issuance	
	Notify customs that products are on their way	
Post-Shipment	Submit customs declaration and required documents	Directorate General of Customs and Excise, Ministry of Finance (MOF)
	Arrival	
	Pay import duties	
	Quarantine of products	
	Customs Clearance	

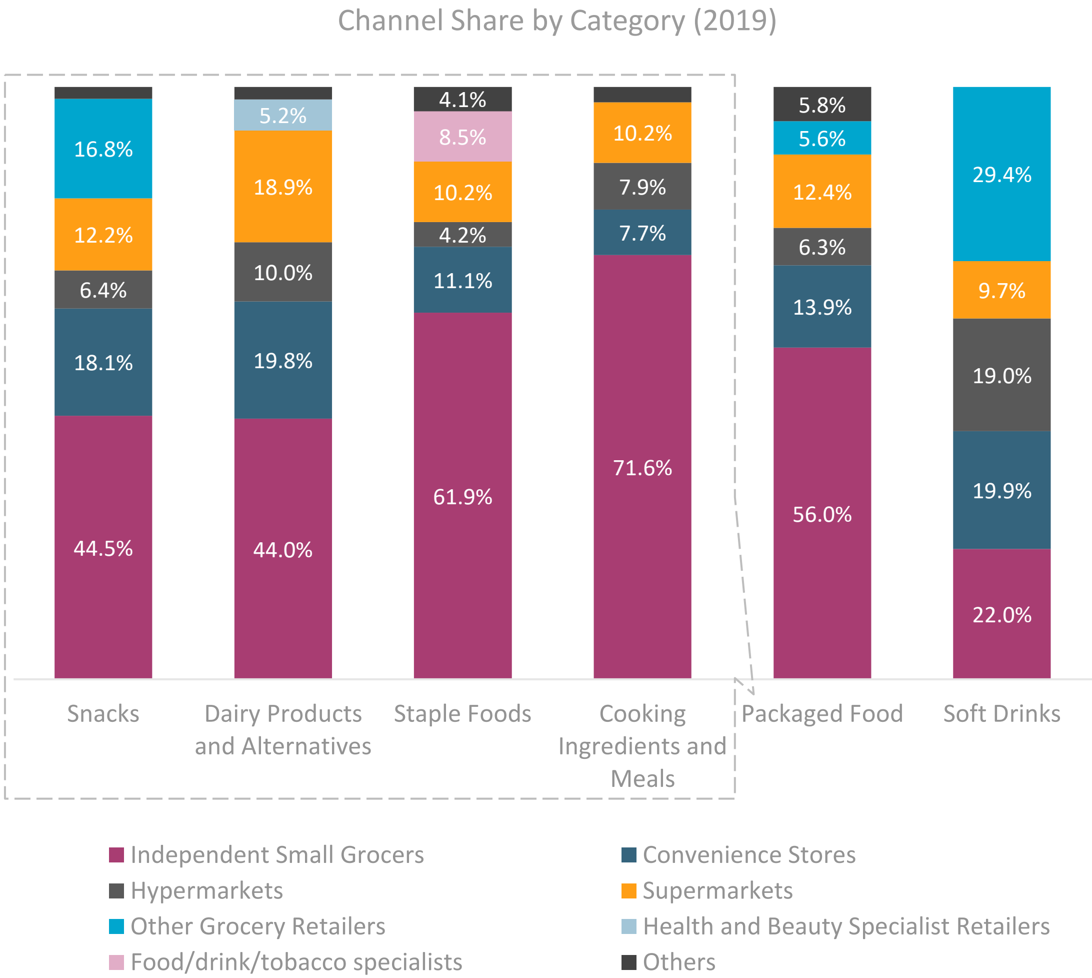
SUPPLY CHAIN

Indonesian importers and major distributors play a crucial role in the supply chain of importer products



DISTRIBUTION LANDSCAPE

While traditional retailers such as independent small grocers are the largest channel, modern retail increasingly gains footprint in Indonesia



Independent Small Grocers

cater to mass market and are known for their lower prices.

Hypermarkets and Supermarkets

are growing modern retail channels in Indonesia experiencing growth. These retailers typically target middle to upper income earning consumers.

Convenience Stores

are increasingly finding their own role and place in Indonesian social dynamics, with some of these stores becoming “hangout points”, particularly among younger consumer groups.

INTRODUCTION / INDONESIA MARKET AND INDUSTRY INSIGHTS / REGULATORY OVERVIEW / KEY TAKEAWAYS AND RECOMMENDATIONS

KEY TAKEAWAYS AND RECOMMENDATIONS

Identify and appoint an Indonesian distributor and leverage expansion of modern retail and e-commerce

Identify and Appoint an Indonesian Importer/Major Distributor

Australian manufacturers looking to export their products to Indonesia must find a suitable importer or major distributor based in Indonesia. The Indonesian importer or major distributor will be able to take the lead on the different procedures required as part of the import process - they will be able to serve as a guide and as an important source of information for the Australian exporter.

Leverage Expansion of Modern Retail and E-Commerce

Australian exporters looking to introduce their food and beverage products to the Indonesian market can discuss with their distributor the different distribution strategies to be employed when approaching key supermarkets, hypermarkets and convenience stores across the country.

Australian exporters can leverage their knowledge and experience in Australia's e-commerce sector in order to work closely with distributors and retailers to grow the channel.

Euromonitor Consulting

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