



THE MARKET

Indonesia is a country with an abundance of natural products, including an astounding diversity of fruit and vegetables of every size, shape and hue. Yet what is arguably the nation's best-loved food product is of quite different origin. It is the humble, yet ubiquitous, freeze-dried noodle.

Annual per capita noodle consumption across the nation's 31 provinces averages around 45 packs. In the capital, Jakarta, consumption is double that figure.



The food manufacturing giant Indofood produces a wide range of instant noodle products with prices that cover the low-end, mid-range and high-end retail market segments in Indonesia. Accounting for an unassailable 88 percent share of the freeze-dried noodle market, Indofood owns all three of the major instant noodle brands, Indomie, Sarimi and Supermi. Of these, the company's flagship brand, Indomie, boasts annual sales of over 4.2 billion packs. Year on year, Indomie's influence has been the major driving force behind the growth and evolution of Indofood's Noodle Division. By 2002, Indomie sales had reached 4.26 billion packs.

ACHIEVEMENTS

Indomie products have retained the highest quality standards in order to meet both legislative and consumer demands. Between 1998 and 2001, all Indomie factories achieved ISO 9002:1994 certification in Quality Management Systems from SGS. In 2003, all factories were upgraded to ISO 9001:2000.

In line with Indomie's international expansion, the company's Cibitung, Manado and Pontianak factories, which manufacture products for export to foreign markets, have obtained the HACCP (Haard Analysis Critical Control Point) certification. This stringent food safety standard ensures that each step in the production process is carefully monitored to prevent contamination

of the product.

In recent years, blending from different sources such as India and China has enabled Indofood to manage the impact of price rises more effectively, although it remains a challenge to absorb the higher rate material costs without causing undue negative impact on retail prices.

HISTORY

Instant noodles were first introduced to the Indonesian market in 1969. At the time, many were sceptical that instant noodles could replace the more common form of raw noodles, which are used as the basic cooking ingredient in many Indonesian noodle dishes.

Starting in 1972 from a single factory in Ancol, North Jakarta, Indomie rapidly gained widespread popularity across the Indonesian archipelago to become the nation's premier instant noodle brand.

In the early days, Indomie products were concentrated mainly around popular soup-based flavours, which at the time were already known and favoured by Indonesian consumers. By building on existing market demand, Indomie flourished with the growing public acceptance of instant noodles.

In 1982 Indomie launched its Chicken Curry flavour, which was widely acclaimed and marked the first major boom in Indomie's sales. Launched in 1983, Indomie's instant fried noodles (Indomie

Mi Goreng) were Indonesia's first dry-based noodles.

Indomie later pioneered the introduction of cup noodles to the market. Using the sub-brand Pop Mie, this new product was enthusiastically received for its practicality.

Today, Indomie continues to pioneer new development and product lines in the noodles market, with an ever-growing variety of product categories and flavours.

PT Indofood Sukses Makmur Tbk operates 14 Indomie factories nationwide.

THE PRODUCT

The Indomie brand covers a wide variety of instant noodle products. While the vast majority of these are consumed domestically, a small percentage is exported to nearly 30 countries, including Saudi Arabia, Brunei, Nigeria, Australia, Hong Kong, the United States and a number of European countries.

Noodle seasoning and packaging are provided internally by other Indofood divisions. The company's Bogasari Flour Mills, the largest flour milling enterprise in Indonesia, provides all of the flour used in manufacturing Indomie instant noodles.

Indomie's numerous products include regular noodles with regional flavours, cup noodles, special noodles, consisting of special quality noodles using three sided seal packaging with





extra solid ingredients, My Noodlez, aimed at pre-teen children and manufactured with tomato and potato-based flour; Chatz Mie, developed for the teen market; Mi Siram, round pre-cooked noodles similar in concept with Ifumi noodles, where the seasoning and sauce is poured over the noodle block; Mutiara Lintas Keluarga Bahagia, an assortment of noodles intended for the family and formulated to suit each member's specific nutritional needs; Indomie Vegetarian; Indomie Regional Flavour II, offering extra garnishing while staying true to local tastes; and noodles produced for special events such as Chinese New Year, Idul Fitri, Christmas, and Independence Day with an assortment of regional flavours.

RECENT DEVELOPMENTS

Indomie continues to diversify its product offering, and has developed new products such as miniature cup noodles and instant noodles in specially created packs.

Indofood's share of the instant noodle market has reached 88 percent. There have been positive changes in the sales mix, primarily the result of strong growth at the top of the price range.

In 2002, Indomie also saw encouraging growth in its value-priced noodles range.

Whilst encouraging existing consumers to consume more, Indomie is also actively seeking new customers, and is encouraging the overall expansion of the noodles market through initiatives such as its regional flavours campaign, and the extension of its sales and distribution activities.

The regional flavours campaign proved an interesting exercise in consumer education, prompting not only heightened interest in foods and flavours from each of the 31 provinces but sustained repurchase levels. Other Indofood divisions have begun to capitalise on this successful pilot for their own new product rollouts.

Indofood continues to invest sensibly for the future, adding more capacity for wheat noodles, rice noodles and food ingredients, continuing to expand flour-blending facilities and improving logistics.

PROMOTION

Indomie's famous jingle "Dari Sabang sampai Merauke" (From Sabang to Merauke) ending with the tagline "Indomie Seleraku" (Indomie is my taste) long ago captured the hearts of consumers, and with it created a lasting and emotional bond with the Indomie product. It also succeeded in establishing Indomie as the true Indonesian

instant noodle, the one noodle brand that is inextricably linked to, and forms an indelible part of, Indonesian society.

An exciting new marketing initiative highlighting Indofood's highly successful Indomie regional flavours launch has met with great enthusiasm from both existing and new customers. Since noodles growth has been a central feature of Indofood's recent overall performance, the company plans to continue its promotion activities with further new product launches and innovative sales and marketing strategies.

A number of additional tactical television advertisements, such as the Idul Fitri version of the Indomie jingle, have created the same strong emotional bond with consumers during the holy fasting month of Ramadan. Other versions expose the different fried noodle flavours that Indomie possesses, and the rich variety of Indomie noodles that can be enjoyed every day by the consumer. Indomie has also developed commercials commemorating national events, such as Independence Day and Chinese New Year.

BRAND VALUES

Throughout its history, Indomie has strived to obtain consumer recognition as the nation's best instant noodle brand. Indomie's unique position in the Indonesian market has been accomplished by a deep-seated passion to provide customers with the most valuable brand experience possible. Today, the name Indomie carries a strong emotional message, drawing on the natural flavours and goodness of ingredients from Indonesia.

Quality is a vital component of the Indomie production process. Quality is ensured by strict quality control procedures at each major production step, from dough preparation to

packing and sealing.

Indomie is integral to the success of the Indofood corporate image in Indonesia, and will continue to play its part in the company's community programmes as well as the further development of its marketing communications and market research activities.

Indomie has achieved recognition by overseas customers as a quality export product, although products are generally known by their individual brand names. Indofood is hopeful that the development of this new identity over time will build equity for the company as a whole in the market.

Regional autonomy offers further opportunities. Indomie is hopeful that its extensive network of depots and noodle factories will strengthen its place close to the nation's heart and establish it as a source of national pride.



THINGS YOU DIDN'T KNOW ABOUT INDOMIE

- Instant noodles consist of three primary ingredients: flour, seasonings and cooking oil
- The production of noodles involves five processing stages: preparation of the dough, slitting, steaming, cutting and frying
- Indomie's noodle products are deliberately fortified with vitamins and minerals including vitamin A, vitamin B1, vitamin B12, niacin, folic acid, pantothenate and iron to provide additional nutritional value
- All raw materials used in Indomie products are categorised as food grade, reflecting the commitment of suppliers to providing food grade materials in line with the FAO (Food and Agricultural Organisation) Codex Alimentarius standard

