

Indonesians have a big appetite for biscuits: about one-third of them have more than three snacks per day and the most common food for snacking occasions is sweet biscuits, according to a recent research by Mondelez Indonesia. This is good news for the company, which is well-known for producing global brands such as Oreo and Cadbury and popular local brand Biskuat.

Mondelez Indonesia is part of Mondelez International, which was spun off from U.S.-based Kraft Foods in 2012. The company has a head office in Jakarta and two plants in Bandung and Cikarang with the latter supplying biscuits to 35 countries in Asia, the Middle East, and Africa.

Mondelez International is the biggest snacks producer in the world with a revenue of approximately \$26 billion globally in 2017 as its products are sold in more than 160 countries. In Indonesia, the company has enjoyed rapid growth in the last couple of years as its products are very popular and reach many households.

"We have grown double digit in the last three years and we continue to expect stronger double-digit growth in the years to come," Sachin Prasad, President Director of Mondelez Indonesia, says.

Sachin has more than eight years of experience in the industry with experience in strategic planning and operations as a consultant for various international companies. Prior to his assignment in Indonesia, he was the Head of Strategy for Mondelez Asia Pacific Middle East and Africa (2014–2016) responsible for strategic planning and projects, M&A, pricing, and various analytics to drive business across the AMEA region. Before joining Mondelez International, Sachin served in a range of local and multinational consumer goods firms across SEA, including Indonesia. He started his career at P&G as Associ-

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ate Finance Manager in 2002 and has an MBA from the Indian Institute of Management (IIM) in Bangalore majoring in Finance and Strategy and a B. Tech. degree in Chemical Engineering from the Indian Institute of Technology (IIT), New Delhi.

Mondelez faced several challenging entry barriers when it entered the snacks business in Indonesia. However, Sachin sees the situation as a blessing for Mondelez's operations. "If we can overcome all the challenges and come with a sizeable scale, then it's hard to be replicated by our competitors," Sachin says.

Having the right portfolio of brands that resonates with the local market is one of the key successes of the company. Oreo is a global brand that now has become a part of Indonesian life. Biskuat is an Indonesian brand that provides nutrition for children, while Cadbury and Toblerone have been growing remarkably. Indonesians believe it's a superior chocolate product.

"Mondelez is very proud to have brands loved by Indonesians. Many brands have been patronized and loved for a very long time. It has brought joy to Indonesian consumers," Sachin says.

To have the right brands was not an easy process for the company even though Mondelez is a multinational company with various kinds of products. Indonesia has a very rich food and snacking culture, thus making a consumer-centric growth a big challenge and a big opportunity for the company. "To have a consumer-centric growth is a primary challenge and opportunity. We have to understand and be selective on the products so that it will suit the taste, palate, and food behavior of Indonesians," Sachin says.

Another challenge for the company is to have its products reach more households as Indonesia is an archipelagic country that makes distribution difficult. Another situation is that most of the consumers do not shop

Snacking Appetite

Mondelez Indonesia is upbeat about the snacks industry in Indonesia

BY YESSAR ROSENDAR



Sachin Prasad: "Our objective is to serve Indonesian consumers and go to where they shop."

in big supermarkets but in smaller shops or warungs (stalls).

"Our objective is to serve Indonesian consumers and go to where they shop. This means that if we prioritize toko (small shops) or warungs, so be it. If the growth is in small towns, we will go there," Sachin says, adding that last year it reached more than 50 new small towns in Indonesia with a collective population of 40 million people.

Aside from its strong domestic market for retail, Indonesia also provides enough raw materials for the company's production. Indonesia is the third largest cocoa producer after Ivory Coast and Ghana, and cocoa is a raw material for chocolate and one of the key ingredients for its products

such as Oreo and Cadbury. According to Sachin, the company is committed to the Indonesian market for the long term and the company wants to be a responsible global citizen as well. Therefore, sourcing cocoa in a sustainable manner is the company's responsibility.

In the last three years it has a program called Cocoa Life that's not only about sourcing cocoa in an environmental friendly way but also generating a social economic impact to cocoa farmers. It uses technology and high-production plants to boost the output of cocoa plantations so that farmers earn more. It also aims to see the younger generation get more interested in growing cocoa so they can get a better income.

"We want to create a social economic impact so that the young generation continues working in farms rather than moving to towns," Sachin says.

The plant in Cikarang exports around two-third of its production to countries such as Japan and Australia. The figure shows how much the company believes in the Indonesian market, even though it is not Mondelez's biggest operation. The products and brands that the company has enabled it to reach more households. Bringing them to more parts of the country is an opportunity and a source of growth in the years ahead.

"It's the sustainable growth that we have that puts Indonesia on the map of Mondelez," Sachin says.