



INDONESIA MARKETING PLAN

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I. EXECUTIVE SUMMARY



Indonesia is one of the fastest growing countries in the Asia Pacific region. Our company, Its- It has the opportunity to enter the ice cream market in Indonesia. There is an established presence and want for ice cream products. Steady growth and consistent demand shows that an ice cream product can be successful and meet demand in Indonesia. This is an opportunity for our company to grow and establish and international presence. The fast growing nature of Indonesia gives our company the opportunity to increase our sales and sustainability for the long run. Indonesia is the ideal country because of its recent growth, rising GDP levels, and market sizes.

Although Indonesia is growing, our company will still face some obstacles when doing business in Indonesia. Cultural differences are important to consider in Indonesia. Indonesian consumers have cultural values that impact their consumer buying behaviors. Most of the country is Muslim, which is something our company will have to consider and respect. Many Muslim and Indonesian consumers are concerned with dietary laws.

Our target market will be the younger population of Indonesia, because this is the largest portion of the population and the largest consumer group for ice cream sales. Our market entry plan will be a joint venture with Walls, a company owned by Unilever Indonesia. We will have a more successful sales opportunity by partnering with an established brand with available resources.

We have deciding on media opportunities for our marketing plan, such as Internet advertising, billboards, and magazines. We have also conducted a financial analysis of costs of business.

We hope that our marketing plan will help us succeed in the long run in Indonesia and conduct a sustainable business plan.

II. MARKET RESEARCH

a. General Market Information

i. Market Trends (Consumer, Economic, Environmental)

Consumer Trends:

The Internet and mobile devices are becoming a huge consumer trend in Indonesia. Mobile devices are almost a necessity for most Indonesian consumers. Consumers access the Internet through mobile devices and often use consumer reviews to establish purchasing decisions and buying behaviors. Based on Nielsen research in 2010, 70% of Indonesian consumers are more likely to increase their online purchase habits for products and services as compared to the rest of Asia Pacific region (Nielsen).

Consumer Spending Trends:

Approximately 10 million people, or 1.2%, of the affluent consumer segment lives in the capital city of Jakarta. Consumers in this segment in Jakarta spend an average of 15 million rupiah (or \$1,700 US dollars) on routine monthly household expenditures. As disposable income continues to rise after the Indonesian economic crisis, consumers are spending more and more on consumer goods. Figure 2.1 breaks down consumer expenditures by category. Food and non-alcoholic beverage purchases make up the largest percentage, which will benefit our company because are selling a food related product.

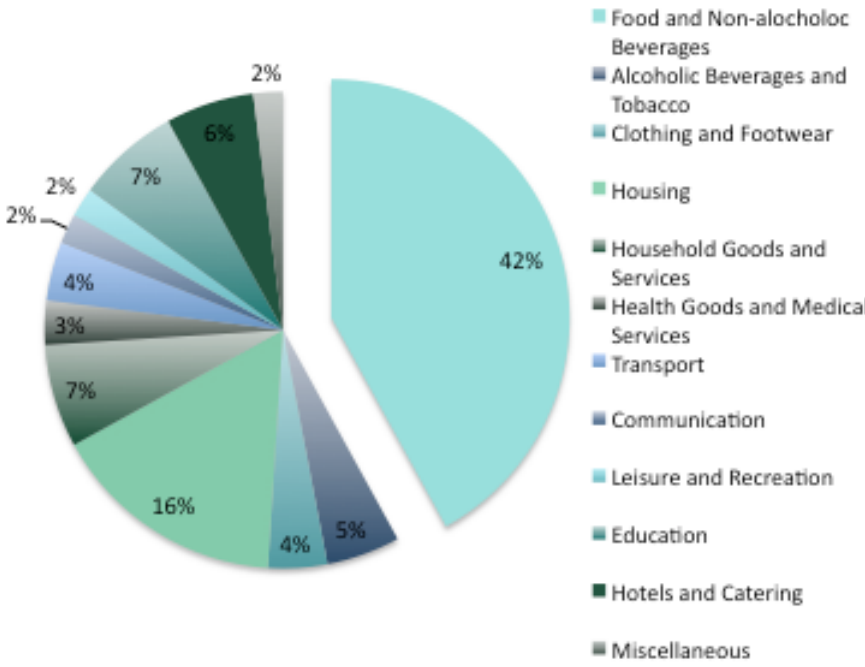


Figure 2.1 (Euromonitor)



Consumer trends are extremely important for our company. We plan to advertise through mobile devices and the Internet, which are both growing consumer trends in Indonesia. Spending trends are also important because we want to make sure consumers have enough disposable income to purchase our products.

Economic Trends:

Indonesia has the largest national economy in Southeast Asia, and currently experiencing one of the highest economic growth rates in the world (Bellman). Indonesia's current gross domestic product is \$846.83 billion dollars at current prices (Google). Figure 2.2 shows that Indonesia's GDP is consistently growing year after year, and achieved an all time high in December of 2011.



Figure 2.2 (Trading Economics)

Indonesia has a market-based economy in which the government plays a significant role. The government owns more than 164 state-owned enterprises and administers prices on several goods such as fuel, rice, and electricity. In addition to a growing economy, Indonesia's unemployment rate is also decreasing. The unemployment rate in Indonesia was last reported at 6.14% in August 2012.

Indonesia's economic trends will determine our success in the long run. A growing GDP is attractive for our company because it shows that the Indonesian economy is growing and the value of goods and services produced are increasing.



+
Indonesia's GDP is at \$846.83 billion and growing consistently

Environmental Trends:

Climate change is a concerning environmental trend in Indonesia, especially for our country. Indonesia is prone to natural disasters because of its geography along the coastline. “Between 2003 and 2005, the Indonesian government counted 1,430 natural disasters, including floods, landslides, and other geological disasters” (World Resources Institute). Climate changes in Indonesia are expected to increase the amount of natural disasters, including more rainfall and flooding in coastal areas.

Air pollution is a serious environmental trend in Indonesia that has been impacting the population. “Indonesia’s fourth leading cause of death is lower respiratory infections, largely caused by exposure to polluted air” (World Resources Institute).

Climate changes could potentially affect our business because we are conducting operations in Jakarta, the capital city of Indonesia. Jakarta lies on the northwestern coast of Java, an island of Indonesia (Java Indonesia). Therefore, our business operations could be subject to coastal flooding due to increases in rainfall. Air pollution will affect our business because we are operating in the largest city in Indonesia. Sectors located in highly polluted cities, like Jakarta, will find worker productivity and recruitment to be more expensive (World Resources Institute). Although air pollution mostly affects outdoor workers, our business will still have to monitor employee productivity and health related concerns.

ii. Market Segmentation Support

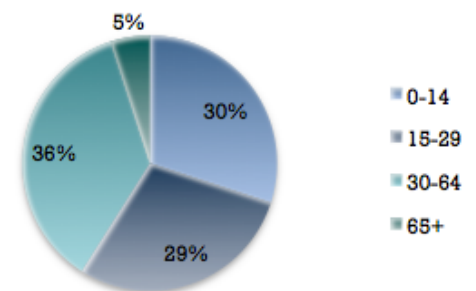
Population:

With a population over 240 million, Indonesia is the fourth largest populated country in the world (CIA). The country’s population is very diverse, from residents in Jakarta to rural farmers on the outer islands. Indonesia is made up of 17,000 islands, 6,000 of those islands are inhabited. We are entering through Java, which has 59% of Indonesia’s total population (CIA).

Figure 2.3 demonstrates the age distribution in Indonesia.

Indonesia has a young and increasing population, with half the population under 25 and 30% under 14 years old.

Indonesia: Age Distribution



Source: Biro Pusat Statistik, 2000
Population Census, Statistics Indonesia,
Jakarta, 2000.

b. Product Overview

i. What is the need or want it fulfills?

Ice cream, specifically ice cream sandwiches, is an established need in Indonesia. There is currently a large market, with numerous players, that compete in Indonesia. Our product is considered an impulse ice cream because it is usually consumed on an unplanned basis. Many consumers do not regularly shop for ice cream because it is not a nutritional necessity; it is more of a treat. Indonesia's ice cream market is established and has consistently grown year after year. Therefore, our impulse ice cream is an established need because customers are aware of their want for ice cream and there is a market for the product.

ii. Differentiating features—Product positioning

Product positioning is important because there are a number of competitors in the market we are entering. We are positioning our company as a trusted brand among the Indonesian population. We also want to differentiate ourselves by adhering to dietary concerns and guidelines. The Indonesian culture is concerned with hygiene and dietary restrictions. Since consumers are more likely to purchase “Certifiable Halal” products, we are using this as a differentiating feature from other brands.

iii. Expected life cycle

We expect that our product, specifically ice cream sandwiches, will be a long-term trend. Since Indonesia has an established market for many years, we feel that there is a steady demand each year, instead of a cyclical demand or a demand similar to a fad or trend. Therefore, we feel the ice cream sandwich is a long-term trend.

iv. Renewal Strategy

One improvement we will consider is flavor. It's-It is currently offered in vanilla, chocolate, mint, and cappuccino. Strawberry is an additional flavor we may consider producing, since it is so popular in Indonesia. Also, new variations of chocolate like cookies and cream have been introduced because of the less adventurous nature of Indonesian culture in trying out new flavors (Euromonitor).

Another factor to consider is packaging. Because ice cream companies are seeing more competition from sweet and savory snacks, many companies have introduced smaller package sizes. This is because children and young people account for the largest share of ice cream sales, and smaller sizes appeal to those individuals. Therefore, we would consider decreasing the package size or making changes to the packaging (Euromonitor).

c. Current Market

i. How big is the market?

Both Frozen Processed Foods and Ice Cream categories of the packaged food industry have seen steady growth in Indonesia. The frozen processed food category had sales of 263 million dollars in 2007 (Euromonitor). By 2010, sales had grown almost double to 439 million dollars (Euromonitor). The ice cream category in Indonesia had sales of 245 million dollars in 2007 and by 2010 sales had grown to 356 million dollars. Figure 2.4 shows the yearly sales volume of ice cream by category. This figure supports the consistent growth of the ice cream market. Year after year the market is growing, with an expected constant growth value of 9%.

million litres	2006	2007	2008	2009	2010	2011
Frozen Yoghurt	-	-	-	-	-	-
Impulse Ice Cream	43.02	45.93	50.71	53.18	57.40	61.96
- Single Portion Dairy Ice Cream	19.12	20.84	23.86	25.53	28.09	31.04
- Single Portion Water Ice Cream	23.89	25.09	26.84	27.65	29.31	30.92
Retail Artisanal Ice Cream	-	-	-	-	-	-
Take-Home Ice Cream	26.50	28.24	29.97	31.10	31.12	32.81
- Take-Home Dairy Ice Cream	23.94	25.59	27.24	28.70	29.59	31.21
-- Bulk Dairy Ice Cream	22.81	24.41	26.00	27.56	28.94	30.53
-- Ice Cream Desserts	-	-	-	-	-	-
-- Multi-Pack Dairy Ice Cream	1.12	1.18	1.24	1.14	0.65	0.68
- Take-Home Water Ice Cream	2.56	2.65	2.73	2.40	1.54	1.60
-- Bulk Water Ice Cream	-	-	-	-	-	-
-- Multi-Pack Water Ice Cream	2.56	2.65	2.73	2.40	1.54	1.60
Ice Cream	69.51	74.17	80.68	84.29	88.52	94.77

Figure 2.4 (Euromonitor.com)

ii. Trends

Current value growth of ice cream reached 14% in 2011, a two percent improvement from the prior year (Euromonitor). Single portion dairy saw the highest growth of 18% in 2011. This may be due to the increase in advertisements from major players in the market. In 2011, leading ice cream manufacturers invested heavily in new product launches and promotions (Euromonitor).

In terms of flavor, classic flavors like chocolate, vanilla, and strawberry are most popular. Since children and teenagers make up most of the ice cream consumptions, new variations are becoming more popular, like cookies and cream, mocha, and coffee (Euromonitor).

Another trend is increased competition from sweet and savory snacks. Ice cream companies are seeing growing pressure from this market because it has a similar target consumer base. Therefore, companies have responded by introducing smaller packages to target children.

It is important to monitor the trends in the ice cream industry because we may have to alter our product accordingly. If more flavors become popular, then we may have to add additional flavors. If the competition is changing their product, packaging, or even advertising, we need to adjust our strategy in order to keep a competitive advantage and please our customers.

iii. Distribution Channels

Impulse ice cream and take-home ice cream have different distribution patterns in Indonesia. Consumers usually purchase take-home ice cream from supermarkets and local markets. This is related to affordability because supermarkets target middle to upper income consumers. Therefore, higher income families tend to shop at supermarkets and hypermarkets and would be more likely to purchase take-home ice cream. Impulse ice cream is usually distributed through independent small grocers and smaller retailers as well as vendors on tricycles (Euromonitor).

Because our product is an impulse ice cream, we have chosen to distribute through small independent grocery stores and through our own bicycle vendors. Our bicycle vendors will mostly distribute to residential areas, allowing consumers to purchase our product in their own neighborhood.

iv. Competitors and their market shares

Unilever Indonesia dominates the sales of ice cream in Indonesia, with a value share of 55% in 2010 (Euromonitor). The second largest player in the market is Campina Ice Cream Industry, with a value share of 21% in 2010 (Euromonitor). There are other players in the Indonesian ice cream market that enjoy a percentage of the market share. Figures 2.5 demonstrates leading competitors market shares by percentage value. Unilever dominates the industry by sales volume, sales dollars, and percentage.

% retail value rsp	2006	2007	2008	2009	2010
Unilever Indonesia Tbk PT	46.53	49.15	53.10	54.03	54.65
Campina Ice Cream Industry PT	21.33	21.44	20.54	20.90	21.05
Diamond Cold Storage PT	12.69	12.24	11.11	11.11	10.83
Indolakto PT	-	-	9.33	8.41	8.07
Indo Van Houten PT	1.77	1.53	1.31	1.23	1.38
Monymsaga Prima PT	0.43	0.43	0.41	0.42	0.39
Ultrajaya Milk Industry & Trading Co Tbk PT	0.21	0.18	0.06	-	-
Indoeskrim Dairy Food PT	-	10.45	-	-	-
Indo Meiji Dairy Food PT	12.57	-	-	-	-
Others	4.48	4.58	4.14	3.91	3.63
Total	100.00	100.00	100.00	100.00	100.00

Figure 2.5(Euromonitor.com)

III. MARKET SEGMENTATION/CUSTOMER PROFILE

a. Target Customers

Age:

Because the Indonesian population is young, our target customers are children and young people. This age segment also accounts for the largest share of ice cream sales (Euromonitor). We want to target young children and young adults because they account for the largest percentage in age distribution (segments 0-14 and 15-29). We hope that the demand among our segment will allow our sales to expand to other segments, like adults, because children will ask for an ice cream sandwich from their parents. We will target both males and females.

Income Level:

Our target customers are lower income to middle income families. Indonesia has seen growth in the middle class with larger disposable income and expenditures. We will be offering our product at a low price that lower income and middle-income families can afford.

Location:

Since our distribution center is located in Jakarta, our target consumers are located in the city of Jakarta.

b. Where do they live, work and shop?

Jakarta is extremely diverse with over 300 cultural groups. Jakarta is the port of entry for many tourists and business people. “More than 80 percent of the people are Muslims, about 10 percent are Christians, and here are minorities of Hindus, Buddhists, and animists (World Vision).

Two-thirds of Indonesians live in rural areas (World Vision). The style of homes includes walled family compounds (in Bali), communal longhouses (parts of Kalimantan), houses on stilts, and timber houses (World Vision). Jakarta is an over-populated city with millions of people, which creates areas of both poverty and luxury. As the city grows, people move away from rural areas to find work, which forces people to live in crowded neighborhoods.

The rapid growth of large cities attracts many workers to urban areas. Major cities like Jakarta, Bandung, Surabaya, and Medan are the most attractive places to find work. Major industries like oil, gas, mining, textiles, agriculture, forestry, fishing, and tourism are the most popular industries to work in (PROSPECTS).

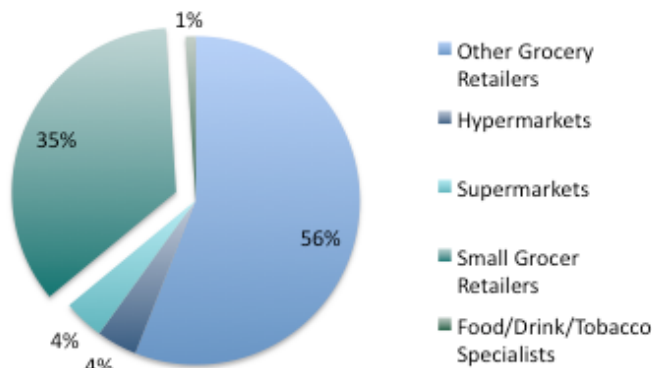
As the capital city of Indonesia, Jakarta is home to numerous shopping options. Jakarta is filled with extravagant shopping malls and traditional outlets for shopping. Indonesia’s retail market is highly fragmented (Euromonitor). Modern retail locations correspond with greater levels of

economic development and population density. Figure 3.1 shows each province or region and corresponding number of minimarkets, supermarkets, and hypermarkets. This table shows that area for entry is extremely attractive because Java has the most retail opportunities, followed by Jakarta which is our specific region of entry.

Java	8,775	940	107
DKI Jakarta, Jakarta	3,968	317	40
Java Barat, Bandung	1,300	194	29
Sumatra	954	195	11
Sumatra Utara, Medan	412	74	6
Bali	200	52	2
Sulawesi	104	48	7
Sulawesi Selatan, Makassar	56	37	6
Kalimantan	112	56	3
Papua	28	10	-

Figure 3.1: Modern Retail Outlets by Location (Source-SEA)

The majority of modern retail outlets are located on the island of Java because of its population and geographic trends (Agri-Food Trade Service). Since our product will be sold in food related outlets it is important to analyze where consumers shop for groceries. Many consumers shop at small grocery retailers. This is beneficial for our company because we plan to distribute our product through small grocery stores, instead of large-scale grocery locations.



Source: Euromonitor

c. Potential customers in the trading area

We are distributing in Jakarta, therefore we have the potential to reach all customers in the Jakarta area. Jakarta has a population over nine million and a geographic area of 650.40 sq. km. (Geographical Side of Jakarta). Therefore, our company could potentially reach the area of Jakarta and the millions of consumers living in the city.

d. How do consumer values differ from home country?

One major difference is that Indonesian consumers prefer to purchase local products. 56% of Indonesian consumers would prefer the local brand to an international brand (Euromonitor). The Indonesian culture is has a somewhat high uncertainty avoidance index, which makes them wary of foreign brands (Hofstede). There is a strong preference in Indonesia toward the Javanese culture and this is highly valued.

Another difference is the value of brands to consumers. Young people, particularly women, say they prefer to buy healthy and fresh groceries to ready meals or frozen food. Those who do their own grocery shopping or tell their parents what to buy (one of our segments) tend to prefer well-known and local brands (Euromonitor). Upper class individuals value premium products and brands. Middle and lower class consumers buy products that are considered premium (Nielsen).

e. Profile of the decision maker

Indonesia places an extremely high importance on experience and respect towards their elders. Traditionally families look to the eldest in the house for executive decisions, even if this person is the not the primary source of income (Hofstede). But with the recent increase in spending money among younger people, young consumers now hold the majority purchasing power.

f. Why do they buy?

The Indonesian population spends most of their money on food and non-alcoholic beverages. Purchases at grocery retailers are made for nutritional necessity, especially in lower income families and larger households (Euromonitor). In lower-income and isolated communities, poor infrastructure and low incomes mean that about 60% of expenditure is put toward food. In higher income areas, food proportion of household expenditure is far lower.

When shopping for food, purchasing locally produced products is extremely important to Indonesian consumers. As mentioned, 56% of Indonesian consumers would prefer the local brand of a product to an international brand. Affordability is also an important factor in consumer decision-making.

Eco-friendly products are an emerging trend in Indonesian consumer buying behavior. Consumers in Indonesia are becoming increasingly aware of global environmental issues. This trend is expected to continue, especially in the middle and upper income classes (Agri-Food Service).



e. Economic, Technology, Regulatory, and Legal factors

Economic:

Indonesia has a rapidly growing economy, with over 6% GDP growth annually (CIA). Indonesia's economy is currently ranked 16th in the world. At the center of this growth is the rising middle class that represents 60% of Indonesia's total population. With average household disposable income rising 13% last year, consumers are looking to spend their money on more than just necessities. More than 50% of Indonesia's economy is powered by domestic consumption, which is a key factor when considering offering a product that is manufactured in the country.

Technology:

In the past Indonesia has relied on its abundant natural resources in order to be competitive in the world economy, but recently a shift towards technology based business has started to become popular. The infrastructure of Indonesia, 17,000 islands many poorly developed, makes high speed Internet and connections extremely difficult. The capital of Jakarta does have a more advanced technology infrastructure that makes business technology more efficient (austrade). Indonesians rely heavily on mobile networks for their Internet connection. The Djarum group out of Indonesia has recently been buying tech-start up and logistics companies in hopes of improving the technology landscape (WSJ).

Regulatory:

Business regulations in Indonesia are notoriously difficult and varying depending on what island or province. In the past two years Indonesian officials have made great strides in effort to simplify starting a new business. In Jakarta it takes a total of 8 procedures in order to register a new business. The average cost to start a new business of Jakarta is approximately 18% of the income per capita, and 10.81% of your property value in order to register (doingbusiness.org). Indonesia has implemented strict labeling regulations for food and consumer products. Labels must be written in strictly Indonesian language. Multiple copies of the label, sample of the food product, as well as business certifications are necessary in order to be officially registered in the country. Halal certification is not mandatory but highly recommended because of the countries extremely high Muslim population (wijayaco.com).

Legal:

Indonesia is ranked 59th out of 144 countries for the efficiency of its legal frameworks. Recent government initiatives have streamlined the regulatory environment through laws governing foreign company structures. Recent legislation allows 100 percent foreign owned companies to operate in most sectors. Foreign investors may seek joint venture partners to complement their skills and resources (doingbusiness.org).

IV. MARKET ENTRY PLAN

a. How will you enter the market?

We will enter the market through a joint venture with Walls, a leading ice cream manufacturer in Indonesia.

b. Why we chose joint venture

Although there are minimal domestic equity requirements for foreign investors, it is best that “It’s-it” should enter the market in partnership with an Indonesian company. A joint venture is critical because of the necessity of the local company’s knowledge and access to distribution networks. Those contacts are essential for successful operation in the region. The partner needs to have an established a network across Indonesia (Doingbusiness.org).

We chose Walls as our partnering company and distribution center because the company does not offer ice cream sandwiches in Indonesia. Therefore, we believed that Walls would be open to distributing our product and receiving a percentage of our profits. Walls has an established distribution center in Indonesia, which will be our source of production and distribution for our ice cream sandwiches.

c. Sales Strategy

i. Pricing

The final price for our product will be \$1.00 for individual ice cream packages and \$4.25 for a package of five sandwiches. We lowered the price of our product to fit the income levels of our target market. We do not consider our product to be a luxury product; therefore, we established an affordable price. We hope that all families will have the purchasing power for our product, which will ultimately increase our consumer base and long-term growth.

ii. Direct or Indirect Sales

Indirect. Most of the bulk sales will be sold at retail stores and supermarkets. But It’s-it will focus our resource in catering to impulse buyers through independent tricycle ice cream vendors and small grocers. This will allow wider distribution and deeper market penetration. According, to Euromonitor’s industry forecast, impulse ice creams will out perform take-home ice cream in sales volume (Euromonitor).

iii. Partner

We have decided to partner with Walls, which is owned by Unilever. Unilever Indonesia is the top competitor in the Indonesian ice cream market. However, as stated, the company does not currently offer ice cream sandwiches in Indonesia. Because Unilever Indonesia has strong brand awareness and established operations in Indonesia, we feel we will benefit from this partnership.

Wall's has entered the Indonesian market in 1992. A joint venture with this established corporation will significantly reduce market entry risk, provide a successful distribution system, expedite success in this opaque market and provide access to the largest ice cream market share. Wall's sales continue to climb due to industry leading-edge innovation, a successful sales and distribution network and effective marketing. Joint venture is critical for the knowledge of local markets, contacts and laws. Partnering with an established reputable entity is a paramount prerequisite.

iv. Distributors

As mentioned above distribution will be handled by established local distributors of Walls, our joint venture partner. For IT'S-It to penetrate the market, it needs a distributor with an established network. Although there are numerous local distributors, very few have the national reach and established network for successful distribution matching Unilever-Wall's.

v. Retail Channels

We will be distributing Its-Its through small grocery retailers. Hero supermarket is one option for a grocery store retail channel. Hero is the first modern retail company in Indonesia, established in 1971 (Hero). The company is comprised of 132 supermarkets, with a mix of small grocers, hypermarkets, and supermarkets, under the Hero and Giant names (Hero).

d. Supply and Distribution

i. Where will you make it?

Due to the perishable nature of the products, it is best to manufacture the goods locally. The product will be produced in the Wall's production plant in West Java, Indonesia. One trademark of the Its-It brand is the oatmeal cookie. Therefore, the recipe will be shared with our partner and manufactured within the Walls facility. This is necessary to avoid import fees that would make the product cost-prohibitive.

ii. Where will you store it?

Since the product will be manufactured locally, the product will be stored at the wholesale production facility. Post-production, the product will be shipped to local established retailers in the Wall's retailer network.

iii. How will you get it there?

We are using our partner's local distribution facility. We will not need to export, use an export license, or acquire export fees.



v. Duty and Tax

Companies doing business in Indonesia are subject to the following taxes:

- A flat 28% of corporate income tax
- A branch profit tax of 20% on remittance to the overseas head office
- Companies investing

V. MARKETING PLAN

a. Vision

We want to convey our brand as a trusted brand among the Indonesian population. The Indonesian culture is concerned about hygienic products and products that comply with dietary concerns. Indonesian consumers are more likely to purchase “Certifiable Halal” products and trustworthy, local brands. We want to make sure our consumers view our products this way. We will comply with Muslim dietary concerns by insuring our products are “Certifiable Halal.” We also want our product to portray sharing, togetherness, and family.

b. Image

We will position our product as a family oriented product that supports our message as,

“Healthy, local, cool, sweet. Family or social treat.
Together it’s a perfect fit. The Original It’s It. Sharing
family & social occasions with It’s-It scrumptious frozen
treat.”

Family

Our group is positioning our product as a family product so it is important to use family in the image. An average family size in Indonesia has 3.0 children. We can have 2 - 3 children in the picture with their parents enjoying the product as a family. We expect our customers to consume the products at home. The setting of the scene will be a living room.

Young boy is the main subject

Similar to several Asian countries, boys are favored over girls. Having a young male subject is more likely to appeal to most families. It is important that a young person is the subject because our product (its-it) is a foreign item. It is best to have young person present it because youth suggests “new or modern” while older subjects suggests “tradition and culture.”

Modernized traditional clothes

Since our product is American, we want to assure our audience that It's-It is culturally aware. We can deliver this message by using Indonesians in our ads and use traditional clothing but it has to be altered to look modern since we are positioning the product as something new for Indonesian culture.

Soft lighting

Soft lighting communicates a relaxed, calmer environment. It also suggests a more intimate message.

*See Appendix for pictures of Images

i. Package Image

Our package will be adapted to the Indonesia culture. Currently, the IT's It package contains colors of red, white, and green. We will be keeping red and white because they are positive colors in Indonesia. However, we will be changing the green labeling to yellow because green is a forbidden color in Indonesia. Yellow and gold are positive colors in Indonesia, and even included in the country's national symbol because gold symbolizes the greatness of the nation.

For our labeling, we will be using Bahasa as our language. Registration and packaging guidelines require all packaged food products distributed in Indonesia to be labeled exclusively in Bahasa, which is the official language of Indonesia (Wijayaco.com). The use of any other language, number and letters is permitted only where there are no substitute Indonesian words or if there is a difficulty in finding Indonesian words with a similar meaning; such approval must be obtained from the Indonesian Attorney-General (Wijayaco.com). We have tried to translate It's It into the Indonesian language; however we have found no substitutes for our brand name. Therefore, we will use "It's It" on our packaging but the rest of the labeling will be written in Bahasa.

As for labeling, we will provide information that our product has been prepared hygienically and complies with dietary concerns of the Indonesian culture. We will certify our product through Indonesian authorities. Although, halal certification is not required for all imported foods, 88% of the Indonesian population is Muslim and the Indonesian Islamic Council prefers all food products to be halal accredited (Wijayaco.com). Therefore, we will make sure our packaging says "halal certified" so that consumers feel more comfortable purchasing our products.

*See Appendix for package images

c. Message

“Healthy, local, cool, sweet. Family or social treat.
Together it’s a perfect fit. The Original It’s It. Sharing
family & social occasions with It’s-It scrumptious frozen
treat.”

Our message is simple: communicating a message about the brand that the audience will understand by using details and making the overall message clear. Making a connection with the audience by incorporating cultural values such as family and friends is essential since Indonesia is a collectivist society. Also, by stating the product is local is gaining the audience's trust and adding credibility to the brand - they are supportive of local brands, thus they need to be conscious that the brand uses local produce. We also attempted to make the message catchy by using simple language and making it rhyme. The message is easy to repeat to friends and family. What we are communicating is a contagious message by making it energetic, different, and memorable. The message evokes a vivid emotional response of enjoying the product in "togetherness"; "together it's a perfect fit" can suggest social togetherness or togetherness of the frozen treat as a whole.

d. Means

The most cost effective way to reach our target audience is to utilize television, Internet, large-scale advertisements, and small-scale advertisements. Our television means will be to broadcast our advertisements through local television stations. The top stations in Indonesia are CB Channel, Banten TV, B-Channel, UG TV, and Megaswara TV. Our Internet means will be to utilize social media, such as Facebook and Twitter. Our large-scale advertisements will be through billboards in major cities, like Jakarta, Surabaya, and Bandung, which have the largest populations. Our small-scale advertisements will be on our individual vendor bicycle carts that distribute to local neighborhoods. We will also advertise in small grocers where our product is distributed.

e. Advertising and Media Strategy

When creating our advertising strategy in Indonesia, we decided to look at the current trends in the industry and see what our competitors were doing. In 2011, leading ice cream manufacturers invested heavily in new product launches and promotions (Euromonitor). Competitors frequently advertised ice cream products in the mass media, especially television. Other competitors took advantage of the young market and decided to advertise in high schools and major cities.

After analyzing the industry, we decided to advertise through television, billboards in major cities, Internet, and social media. Our target market is children and teenage consumer groups. Therefore, social media and the Internet will have a huge impact on reaching our target market.

Indonesia is the 4th largest Facebook market in the world and the 3rd largest producing the most tweets. Therefore, our product will be advertised on Facebook and Twitter.

In addition to large scale advertisements in major cities, we would also like to use small scale advertisements. Our main distribution channels will be independent small grocers and vendors via bicycles who sell our ice cream in residential areas. Therefore, we will advertise on our bicycle vendors and in small grocery stores where our product is sold.

e. Internet Strategy

We want to take full advantage of the growing Internet usage in Indonesia. Indonesia also has a huge social media presence, especially among our target audience. Indonesia has over fifty million Facebook users and is ranked number four in the world for Facebook usage (Facebook). Our target market is young children and teenagers, who are also the largest age group of Facebook users in the Indonesian population.

We want to take advantage of an up and coming Indonesian social site called IndoFace, which is similar to Facebook. We think this will give us a competitive advantage over other companies that are not utilizing this platform. IndoFace allows for video sharing, where we can post our commercial to generate awareness.

Our Internet strategy will also integrate mobile communications. Indonesia is a country where mobile Internet relative to the total Internet users is the highest in South East Asia and one of the highest in the world. Even though the total Internet penetration is only 21%, Indonesia proposes strong signs of extreme growth.

We want to promote our product through an IT's-IT IndoFace, Facebook, Twitter, and YouTube page. Our social media pages will keep followers up to date on where to purchase our products, upcoming events, and promotional offers. With active social media sites, we have the ability to run promotional campaigns to generate brand awareness and consumer product recognition. We hope this will create a positive product relationship with consumers and ultimately drive our sales.

VI. SALES PROJECTIONS/FINANCIALS

*See attached appendix for sales projections and financials worksheet

VII. RISK ANALYSIS

a. Competitive

Our competitive risk decreases exponentially from partnering with Walls. Our partner currently holds almost half of the market share in Indonesia. However, there are still major players like Campina Ice Cream, Diamond Cold Storage, and other small retailers. By partnering with Unilever Indonesia, we will receive the competitive advantage that the company has already established. There is also the risk that our product will see heavy competition from Walls products. Although the company is producing and distributing our product, Walls ice cream makes up a large percentage of sales in the ice cream industry.

As mentioned previously, sweet and savoury snacks are also competition. Our company will have to monitor competitive risk outside our industry.

We will also face competition within advertising and media channels. Many leading ice cream players are investing heavily in mass media communications and advertising expenditures. Leading companies are using celebrity endorsers to promote their products, because this gains more trust among Indonesian consumers (Euromonitor).

b. Currency

The currency risk is somewhat high in Indonesia. “Indonesia’s large external financing needs and its open capital account, combined with fickle investor sentiment, can create external liquidity and currency volatility problems when international capital markets go through one of their periodic risk-shedding phases” (EFIC). Indonesia has a weak balance of payments and is prone to different capital flows, so it can suffer sudden and dramatic currency moves. This can also create a temptation for the government to impose exchange controls that prevent importers from converting local currency into foreign currency in order to make payments (EFIC). This would affect our payment strategy if we decide to send payments back to our home location base.

c. Political

The political risk in Indonesia is very high. “Recent reform measures have placed greater emphasis on improving regulatory efficiency, regional competitiveness, and developing a more diverse and robust private sector through decentralization” (EFIC). Social and political instability in Indonesia and the high increase in natural disasters due to climate change has limited the amount of capital investment in Indonesia.

d. Other

One major risk we face is if our partnership fails. Walls or Unilever Indonesia may go out of business and halt operations. This would affect our company because we cannot sell our product.

SUMMARY

Indonesia has a number of opportunities for the growth of our company. Our research has showed that Indonesia is an attractive market because of its current economic trends. The population is growing, especially the young generation. Younger children and teenagers are our core target market because they are the largest consumers of ice cream in Indonesia. We believe our consumers will love our product, which result in customer life time value and brand loyalty.

We feel that establishing a joint venture with Walls will greatly benefit our company in the long run. We will have access to Walls distribution networks, contacts, and local knowledge. This will also save us costs and resources in the long run. We feel that our marketing strategy is effective because it utilizing current social and technological trends in Indonesia. After analyzing costs and pricing, we feel we can be successful and make a profit in Indonesia.

We truly believe our message and hope that the Indonesian consumers feel we are a “perfect fit.”

