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## Consumer Foodservice in Indonesia

### EXECUTIVE SUMMARY

#### Foodservice Records Healthy Growth

The growing food and beverages trend and culture of eating out is ensuring healthy growth of consumer foodservice (CF) in Indonesia. Most Indonesians are keen to try new flavors and menus, allowing the foodservice businesses, which are present on almost every street, to continue moving dynamically. Chained foodservice restaurants continue to grow, and the three big players in this category have seen excellent performances. These brands are also shifting more to the limited-service restaurant format due to the rise in acceptance and use of third party delivery services.

#### Competition Between Fintech Companies Triggers Growth of Many CFs Categories

Fintech companies are the biggest growth contributor across the majority of the consumer foodservice categories. During the review period, companies such as GoPay and OVO were making aggressive branding promotional activities in order to capture the Indonesian market. These activities, which involve offering discounts or cashback, which were originally aimed at shifting the population to using cashless payment methods, in turn, have given rise to the growth of consumer foodservice. The fintech companies recognized Indonesians' love of food and by utilizing these food merchants to promote their products have caused a surge of transactions as well as sales in most consumer foodservice categories. During the review period, limited-service restaurants, full-service restaurants and cafés with a fast casual or "snacking" concept experienced sizeable growth compared with consumer foodservice players with a high-end dining concept.



#### Shift from Street Stalls/Kiosks to Fast Casual Dining

The fintech companies' aggressive promotions also resulted in competition between categories such as street stalls/kiosks with other categories, including limited-service restaurants, full-service restaurants and cafés, as the discounts or cashback offered are significant, resulting in little or no cost difference between eating at a street stall or in a modern food outlet. Another important current consideration for players is the importance of providing convenience and speed. In light of this trend, Warunk Upnormal launched Upnormal Coffee Express.

*Independent players which were previously not known to the public or hard to reach, can now be easily found by consumers as they just have to open an app, order and the food is delivered.*

#### Growth of Third Party Delivery Services

The presence of food ordering services through delivery apps such as Go-Food and Grab Food is opening up opportunities for SME foodservice players. Independent players which were previously not known to the public or hard to reach, can now be easily found by consumers as they just have to open an app, order and the food is delivered. While this is creating more opportunities for smaller players and a more diverse supply market, there is also more competition for the existing chained or branded restaurants.

#### Healthy Future Performance Expected

Although the consumer foodservice industry is already performing well, aided by a surge in the emergence of fintech companies and their strong promotions/discounts, further growth is expected over the forecast period. This situation is predicted to continue in the near future as more fintech players are emerging in the market. Once all the promotional activities or the surging trend of these companies using the foodservice industry as their marketing tool stops, operators that experienced sudden positive growth will experience a return to normal conditions, and growth in the foodservice industry will stabilize. ■

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