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## Processed Fruits and Vegetables in Indonesia

### PROSPECTS

**Shelf-stable fruit and vegetables see steady value growth as daily consumer use patterns and demand from small foodservice players ensure stability**

**S**helf-stable fruit and vegetables and frozen processed fruit and vegetables saw similar growth rates in 2019, with shelf-stable fruit registering the fastest retail value growth over the year. In Indonesia, shelf-stable fruit is usually placed in hampers during the festive season or as a gift option. Both shelf-stable fruit and shelf-stable vegetables are commonly incorporated into daily meals, keeping demand for these products stable. For example, shelf-stable fruit is commonly used in desserts such as pudding or *es buah* (fruit bowl dessert), while shelf-stable vegetables are commonly used in soup and stir fry dishes. Moreover, smaller consumer foodservice operators such as street stall vendors obtain the processed fruit and vegetable products they use to make shave ice and smoothies, etc. from the retail channel because they cannot meet minimum order requirements required by manufacturers for consumer foodservice providers. Thus, demand for shelf-stable fruit and vegetables is expected to remain steady over the 2019-2024 forecast period.

**New products and wider distribution support higher growth for frozen processed potatoes**

Retail volume sales of frozen processed potatoes increased slightly in 2019, supported by larger freezer space given to frozen food products in most modern retailers. In addition, more variations of

frozen potato products are available in Indonesia, such as Golden Farm's Potato Nuggets, Mydibel's mini potato waffles and Perkedel's Perkedel Complete with Spices and Vegetables, aka a traditional Indonesian fried smash potato dish, over the year. Although availability of different brands in this area remains limited, with demand mainly coming from affluent expatriates, younger people leading fast-paced lifestyles are increasingly demanding frozen processed potatoes for daily household consumption because they seek products that offer convenience. Given the growing interest generated by new products and wider distribution, frozen processed potatoes is expected to post a strong current value CAGR over the forecast period, surpassed only by growth of shelf-stable fruit.

**Foodservice channel generates the most demand for frozen processed products, as consumers have easy access to fresh fruits and vegetables, which cost less**

In Indonesia, demand for frozen processed fruit and vegetables is greater from the foodservice channel than from consumers shopping at grocery retailers. One reason for this is that frozen processed fruit and vegetables are not as demanded in retail stores, as fresh fruit and vegetables are abundantly available in Indonesia and consumers can obtain these products more conveniently and at lower prices compared to what they would pay for the frozen options. The majority of frozen processed fruit and vegetable sales thus stem from foodservice operators, which commonly have freezers; they tend to favor frozen over fresh variants as they have

### Sales of Processed Fruit and Vegetables in Indonesia by Category

Retail Value RSP - IDR billion - Current - 2019

Growth Performance

Shelf Stable Fruit and Vegetable...

583.0

Frozen Processed Fruit and Veget...

38.8

PROCESSED FRUIT AND VEGETABLES

621.8

● CURRENT YEAR % GROWTH  
■ % CAGR 2014-2019  
■ % CAGR 2019-2024



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longer shelf lives and help keep inventory management in foodservice outlets more stable.

This general trend is expected to continue over the forecast period, but as trending frozen fruits and vegetables that are not commonly found in Indonesia become more available, further growth can be expected in both retail and foodservice channels.

## COMPETITIVE LANDSCAPE

### Del Monte's strong brand image helps Kikkoman maintain its lead in shelf-stable fruit and vegetables

Kikkoman maintained its lead within processed fruit and vegetables in 2019, supported by stable performance of Del Monte, which is the leading brand in shelf-stable fruit and shelf-stable tomatoes and ranks second in shelf-stable vegetables. Del Monte is well known for its quality and thus has a positive brand image. Its shelf-stable fruit is commonly used for hampers during holiday seasons such as Hari Raya, Christmas and Chinese New Year. Moreover, consumers also commonly use Del Monte shelf-stable fruit in cake and/or pudding filling. Home baking is also gaining popularity among Indonesians seeking to start small businesses selling their home-made cakes and dishes online.

### Golden Farm's domination in frozen processed potatoes and vegetables is supported by expanded distribution to convenience stores

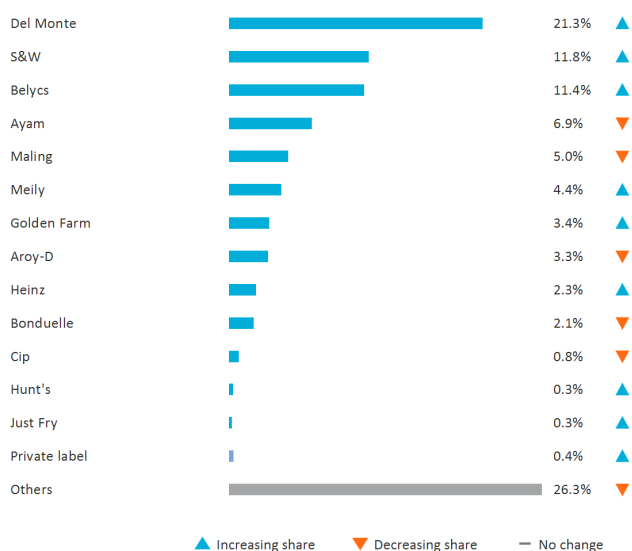
PTC Commercial Corp's Golden Farm brand dominates value sales in frozen processed potatoes and frozen processed vegetables,

supported by its brand name and wide distribution across Indonesia. In 2018-2019, its distributor, Sukanda Djaya, also expanded its distribution to the rapidly expanding convenience stores, which had a positive impact on Golden Farm's performance. Golden Farm faces competition from new players, such as another imported brand, Mydibel, with mini potato waffles and local brands such as Fiesta with its frozen batter-coated French fries. However, Golden Farm has the advantage of being able to price its products slightly above local production costs but below the prices of the majority of imported brands because it has national coverage and can be ordered in greater quantities, which is likely to result in lower prices.

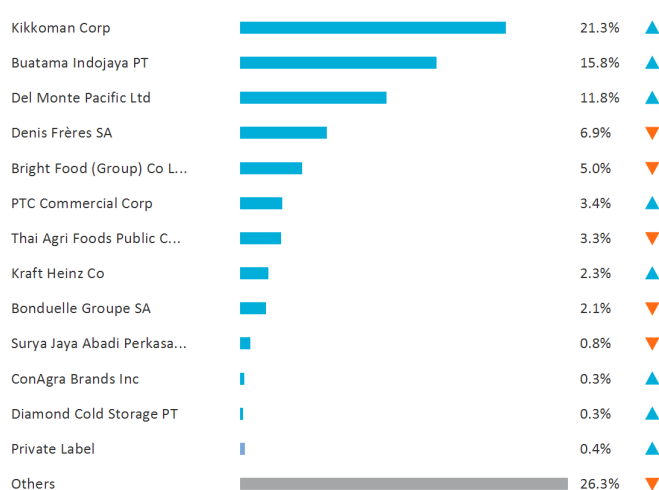
### Economy pricing and wide distribution in traditional retailers helps a leading domestic player perform well against Del Monte in shelf-stable fruit

A leading domestic company, Buatama Indojoya, is active in shelf-stable fruit and vegetables, where its Belycs and Meily brands rank second and fifth in shelf-stable fruit. One of the company's strengths is its economy pricing and strong distribution in traditional grocery retailers. Its low prices compared to that of other available brands in Indonesia enable it to capture a larger consumer group, especially those smaller-scale consumer foodservice players that obtain their products in the retail setting due to being unable to achieve minimum order requirements demanded by manufacturers for the foodservice channel. For example, a can of Belycs shelf-stable fruit can cost as little as IDR45,000 compared to Del Monte's charge of IDR74,000 for a similar product.■

Brand Shares of Processed Fruit and Vegetables in Indonesia  
% Share (LBN) - Retail Value RSP - 2019



Company Shares of Processed Fruit and Vegetables in Indonesia  
% Share (NBO) - Retail Value RSP - 2019



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