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## Analysis of the Application of International Strategy by PT Indofood CBP Sukses Makmur Tbk.

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### Abstrak

Strategi internasional merupakan salah satu cara yang digunakan oleh perusahaan untuk melakukan ekspansi dan penjualan produk/jasa di luar dari pasar domestiknya. Dalam melaksanakan strategi internasional, perusahaan perlu mempertimbangkan budaya dan regulasi negara tujuan, serta kondisi perusahaan untuk menentukan mode of entry yang tepat. Penelitian ini bertujuan untuk menganalisis penerapan strategi internasional dan mode of entry ICBP dalam memasuki pasar global. Adapun jenis penelitian ini berupa penelitian kualitatif dengan metode analisis deskriptif kualitatif. Melalui penelitian ini, tim penulis berhasil menemukan bahwa strategi internasional yang diterapkan oleh ICBP adalah strategi multidomestik dengan mode of entry berupa ekspor, aliansi strategis, akuisisi, dan pendirian pabrik di luar negeri. Harapannya melalui penelitian ini, ICBP dapat terus memperluas kehadirannya di pasar internasional dengan memanfaatkan SWOT yang dimiliki perusahaan.

Kata kunci: *Strategi Internasional, Cara Masuk, ICBP, Strategi Multidomestik, SWOT*

## Abstract

International strategy is one of the ways used by companies to expand and sell products/services outside of their domestic market. In implementing an international strategy, companies need to consider the culture and regulations of the destination country, as well as the company's conditions to determine the right mode of entry. This study aims to analyze the application of ICBP's international strategy and mode of entry in entering the global market. This type of research is in the form of qualitative research with qualitative descriptive analysis methods. Through this research, the authors managed to find that the international strategy implemented by ICBP is a multi domestic strategy with modes of entry in the form of exports, strategic alliances, acquisitions, and the establishment of factories abroad. It is hoped that through this research, ICBP can continue to expand its presence in the international market by utilizing the company's SWOT.

*Keyword: International Strategy, Mode of Entry, ICBP, Multidomestic Strategy, SWOT*

## INTRODUCTION

Globalization has encouraged business opportunities to expand market share internationally (Ratayah et al., 2021). On the other hand, companies are required to implement the right strategy in order to compete in the local market of the destination country (Nur, 2021). In the face of global transformation, companies that want to set foot on international markets must create and demonstrate competitive advantages to sustain themselves in the midst of fierce competition (Khairani et al., 2021).

Companies that want to expand outside the domestic market must engage in international trade activities. Despite having the opportunity to expand market share and gain greater profits, international trade is a great challenge for companies (Suryanto & Kurniati, 2022). The large number of competitors, cultural and regulatory differences, and lack of understanding of the needs of foreign consumers are the main causes of the company's difficulty in expanding abroad (Kusuma et al., 2021).

In facing the challenges present in international trade activities, companies must implement international strategies as well. International strategy is part of the strategy that refers to the company's relations with foreign countries. In addition, experts consider that the international strategy constitutes a comprehensive master plan for determining how the company should implement its mission, achieve its goals, and increase its competitive advantage in the global market (Głodowska et al., 2019).

The implementation of international strategies must be tailored to the needs and desires, as well as the local market conditions to be addressed. In internationalization, there are 3 types of strategies that can be used, including Global Strategy, Transnational Strategy and Multidomestic Strategy (Du et al., 2022). In addition to the selection of a suitable

international strategy, how to enter the international market appropriately (Mode of entry) is also a crucial decision in carrying out international expansion (Martín et al., 2022).

PT Indofood CBP Sukses Marmur Tbk. (ICBP) is one of the leading companies in Indonesia that has implemented its international strategy successfully. The company, which was established in 2009, is a subsidiary of PT Indofood Sukses Makmur Tbk. which focuses on the food, beverage, and packaging business sector. Not only in Indonesia, ICBP is also a leading instant noodle producer in Indonesia. This company is known by consumers from various parts of the world through Indomie products that have been present in 80 countries in the world.

This study aims to analyze the international strategy and mode of entry implemented by PT Indofood CBP Sukses Makmur Tbk. in order to expand its business beyond the domestic market. In addition, the author team also carried out a SWOT analysis of ICBP companies to better understand the advantages, weaknesses, opportunities, and threats that ICBP has and will face in the international market. It is hoped that through this research, the writing team will be able to describe the international strategy and mode of entry of PT Indofood CBP Sukses Makmur Tbk. in the global market so that readers can gain a better understanding. In addition, the authors also hope that ICBP can plan an effective strategy to expand its presence in the international market through the SWOT analysis that has been carried out.

## RESEARCH METHODS

### Types of Research

The type of research conducted by the author's team includes qualitative research that aims to analyze the company profile, international strategy, mode of entry, and SWOT of PT Indofood CBP Sukses Makmur Tbk. The theoretical foundation is the main guide used in describing the results of the analysis. In addition, facts in the field are the main focus in this research.

### Data Collection Techniques

In collecting primary and secondary data to support the writing of this article, the writing team uses literature study data collection techniques. In this technique, the writing team collects various relevant data through a review of the official Indofod CBP website, literature, books, scientific articles, and research results related to the research topic.

### Data Analysis Methods

The data analysis method used in this study is qualitative descriptive, which is carried out through three stages as follows.

- 1) Data Reduction, The first stage in the implementation of the analysis is to reduce the data that has been collected from various sources. This process aims to summarize and simplify the data so that the data used is only crucial data.
- 2) Data Presentation, After reducing the data, the second stage that must be done is the presentation of the data. The presentation of data is carried out by grouping data according to sub-chapters that are arranged systematically, in the form of text or narrative.
- 3) Conclusion/Verification, The last stage or the third stage that must be done by the writing team is to draw conclusions from the results of the analysis that has been done.

## RESULTS AND DISCUSSION

Business Profile of PT Indofood CBP Sukses Makmur Tbk.

PT Indofood CBP Sukses Makmur Tbk. (ICBP) is a subsidiary of PT Indofood Sukses Makmur Tbk. (INDF) which was established on October 7, 2009. The establishment of this business is the result of the restructuring of the Consumer Branded Products (CBP) group from its parent company with the aim of putting the focus on its main business, namely the food and beverage business. The establishment of this business was accompanied by the merger of 4 other INDF subsidiaries, namely PT Indosentra Pelangi, PT Indobiscuit Mandiri Makmur, PT Gizindo Primanusantara, and PT Ciptakemas Abadi. The merger was carried out with the aim of consolidating the branded consumer product industry into one subsidiary in order to create better integration, efficiency, effectiveness, and productivity in its main business.

As one of the leading food and beverage companies in Indonesia, PT Indofood CBP Sukses Makmur Tbk. has produced several well-known brands such as Indomie, Pop Mie, Chitato, Qtela, and Ichi Ocha. Besides being known by the wider community in Indonesia, these products have also spread their wings in the international market. Now, products produced by ICBP can be found in various countries in Asia, Australia, Africa, the Middle East, and Africa.

Currently, ICBP is headquartered in Jakarta, Indonesia and has many factories and facilities spread throughout Indonesia with thousands of employees. As a company with a mission to provide quality products to consumers, ICBP continues to innovate and expand its distribution network. ICBP is also committed to environmental and social sustainability, and continuously strives to improve its performance in these areas.

International Strategy of PT Indofood CBP Sukses Makmur Tbk.

An international strategy is a strategy undertaken by a company to expand its market beyond the domestic market and beyond national borders (Wardhana, 2022a). This strategy is carried out by the company with the aim of increasing sales, profit margins, accelerating company growth, and creating a global market (Hatmawan, 2020). This is no exception for PT Indofood CBP Sukses Makmur Tbk. Since its establishment, PT Indofood CBP Sukses Makmur Tbk. has mapped the development of its various businesses and taken leading positions in various market segments. In addition to Indonesia, ICBP also exports its products to all parts of the world.

In carrying out its international strategy as part of Indofood Group's core business expansion strategy, ICBP made acquisitions of Pinehill Company Limited, an instant noodle manufacturing company with more than 20 manufacturing facilities in Africa, the Middle East, and Southeast Europe. In addition, ICBP also makes direct investments in Nigeria in the form of Joint Venture with well-known companies namely De United Food Industries, as well as the Tolaram Group from Singapore (Abhiyoga et al., 2021). Until now, ICBP is one of the largest instant noodle producers in the world with a strong market share globally (Indofood CBP, 2023).

Strategy implementation is a process that turns strategic plans into concrete actions (Dyanasari, 2022). In entering the international market, business entities are required to use various types of business strategies (Wardhana, 2022b). When entering the global market, companies must consider the international business environment which includes global competition, country population, Gross Domestic Product (GDP), purchasing power parity, international regulations, cultural differences and living habits, international regulations, export-import policies, tax policies, and so on (Geringer et al., 2019; Jain & Pareek, 2019; Mayhand, 2020).

The results of the analysis conducted by the author's team show that the international strategy pursued by PT Indofood CBP Sukses Makmur Tbk. is Multidomestic Strategy. A multi-domestic strategy is one in which a company varies its products and competitive advantages from one country to another to meet diverse needs and local market conditions (Khairani et al., 2021). In this strategy, companies strive to think locally and act locally (think local – Local ACT), according to the target market location to be entered. The purpose of implementing the multi-domestic strategy implemented by ICBP is so that the company can respond to local consumers in each country optimally through product adjustments.

In implementing the multi-domestic strategy, PT Indofood CBP Sukses Makmur Tbk.

has taken several actions to maximize its business development in the international market. First, product development carried out by ICBP in the international market is tailored to the tastes and habits of local consumers, as well as regulations applicable in each country. For example, in Thailand, ICBP launched instant noodle products with Tom Yam flavor which is popular there, and in India there is a variant of Chicken Tikka Masala flavor. Indomie in Indonesia and Australia also has significant differences in its composition due to food ingredient regulations in force in Australia.

The next multi-domestic strategy implemented by ICBP is to increase production and distribution networks in various countries. This strategy is very important to do in order to increase market penetration and strengthen brand position in each country. One of the steps taken by ICBP in implementing this strategy is through the acquisition of Pinehill Company Limited. Through the acquisition of the company, ICBP now operates 30 instant noodle factories in Indonesia, Malaysia, Africa, the Middle East, and Southeast Europe, with a total production capacity of 29 billion packs per year. This acquisition then placed ICBP as one of the largest instant noodle producers in the world. Currently, Indomie has been present in more than 100 countries covering Africa, the United States, Australia, all over Asia, Europe, New Zealand, and Middle Eastern countries.

In addition to product development and improvement of production and distribution networks, PT Indofood CBP Sukses Makmur Tbk. also puts a focus on product quality and safety in order to maintain itself in the middle of the global market. ICBP implements strict quality control worldwide to ensure that the final products produced meet high quality standards and are safe for consumption. In the implementation of the production process, ICBP only selects quality raw materials that have food safety certification from the relevant authorities. In addition, ICBP also implements strict production standards to ensure that products are produced in a hygienic and safe manner, equipped with modern production equipment and facilities to ensure efficiency. Of course, ICBP has also obtained various types of quality certifications, such as ISO 9001 (quality management), ISO 22000 (food safety management), and Halal Certification (halal certification) (Indofood CBP, 2021; Luvia et al., 2022).

Through the implementation of an international strategy in the form of a multi-domestic strategy, ICBP has become one of the market leaders in the food and beverage sector in Indonesia, as well as countries in Southeast Asia. Now, food and beverage products produced by PT Indofood CBP Sukses Makmur Tbk. can be found in various parts of the world. Indonesian citizens (WNI) who live abroad can also eat these products wherever they are and share pride in the achievements of domestic businesses.

Mode of Entry PT Indofood CBP Sukses Makmur Tbk.

In entering the international market, Mode of entry is an important consideration. Mode of entry The corresponding can improve the company's strategic performance (Lin & Ho, 2019). To set foot on international or global markets, ICBP has used several mode of entry.

The first mode of entry used by ICBP is the export of products which has been started since the 1980s. Such exports are carried out to Southeast Asian countries. In this mode, ICBP only manufactures products domestically and sells them to international markets through agents or distributors in the destination country.

The next mode of entry used by ICBP is strategic alliances with local companies in the destination country, as has been done in the Philippines and Thailand. In the Philippines itself, ICBP has partnered with a local company called San Miguel Corporation since 2006. In addition, ICBP has also established partnerships with local companies in Thailand, namely Betagro Group since 2012. Both partnerships are part of ICBP's strategy to strengthen its position in international markets and leverage the expertise and distribution network of local partners to expand product coverage.

In addition to the implementation of export activities and strategic alliances, ICBP also acquires food and beverage companies in several destination countries, as has been done in Australia. ICBP acquired Australian food and beverage company CB& I Foods in 2014. In this acquisition, ICBP purchased a 100% stake in CB&I Foods and integrated the CB&I Foods business into ICBP's global operations. With this acquisition, ICBP can expand their product coverage in the Australian market. The acquisition of established and branded local companies in destination countries is part of ICBP's strategy to expand their presence in international markets.

The last mode of entry used by PT Indofood CBP Sukses Makmur Tbk. is foreign direct investment by establishing factories and production facilities in the destination country (establishment of a new subsidiary). As the company's home country, ICBP has a number of factories and production facilities in Indonesia, including instant noodle factories in Jakarta and Bogor, as well as soft drink factories in Jakarta and Tangerang. In addition, ICBP has also opened factories and production facilities in several countries in Asia, including China with an instant noodle and snack plant in Shandong province, which was acquired from Pinehill Co. Ltd. ; Malaysia with an instant noodle factory in Johor Bahru, which is a partnership with a local company called Padiberas Nasional Berhad; The Philippines with an instant noodle and snack factory in Manila, which is a partnership with San Miguel Corporation; and

Thailand with a instant noodle and snack factory in Bangkok, which is a partnership with Betagro Group. In addition, ICBP also has a number of factories and production facilities in other countries in Asia, including Vietnam, Myanmar, India, and Timor Leste. All of these factories and production facilities are designed to meet high quality and safety standards, so as to produce quality products to meet the demands of consumers around the world.

#### SWOT Analysis of PT Indofood CBP Sukses Makmur Tbk. in the International Market

SWOT Analysis (Strength, weakness, opportunity, threats) activities carried out to identify strengths, weaknesses, opportunities, and threats owned by a business internally and externally (Elvana et al., 2022). This analysis is a tool that can help companies maximize their strengths and opportunities, as well as minimize weaknesses and threats that will be faced by companies to gain competitive advantage (Meftahudin et al., 2018).

In the implementation of this research, the author team conducted a SWOT analysis of ICBP in the international market with the aim that ICBP can identify strengths, weaknesses, opportunities, and threats from companies in facing competition in the international market. By understanding these factors, ICBP can plan effective strategies to expand its presence in international markets, leverage its strengths, overcome weaknesses, and exploit existing opportunities, as well as address threats that may affect their business. The following is a SWOT analysis that has been carried out by the writing team.

##### 1) Strengths

- Strong brands: ICBP has strong and well-known brands such as Indomie and Chitato, which have high appeal in the international market.
- Guaranteed product quality: ICBP has a strict and advanced quality control system to ensure their products meet high quality standards.
- Strong infrastructure and distribution network: ICBP has an extensive and efficient distribution network in various countries, so it can deliver their products quickly and on time to consumers.

##### 2) Weakness

- Dependence on the Indonesian market: Although ICBP has expanded into several countries, most of its revenue still comes from the Indonesian domestic market. Dependence on the Indonesian market may make ICBP vulnerable to risks associated with the economic and political situation in Indonesia.
- Regulatory challenges: In some countries, regulations and government requirements can be challenging for ICBPs to enter the market and expand their business.

### 3) Opportunities

- International market growth: International markets have great growth potential, especially in emerging countries in Asia and Africa.
- Increasing people's purchasing power: Increasing people's purchasing power in various countries can also increase demand for ICBP products.
- Acquisitions and partnerships: ICBP can leverage its acquisition and partnership strategy to expand their presence in international markets.

### 4) Threats

- Fierce competition: The international food and beverage market is highly competitive, with many large competitors already established in different countries.
- Currency fluctuations and import duty rates: Fluctuations in currency exchange rates and changes in import duty rates can affect ICBP's profits and reduce their competitiveness in the international market.
- Political and economic risks: Political and economic risks in the countries where ICBP operates may affect their business, such as political conflicts and economic instability.

## CONCLUSION

The results of the analysis of PT Indofood CBP Sukses Makmur Tbk. indicate that the international strategy applied by ICBP in entering the international market is a multi-domestic strategy. A multi-domestic strategy is one in which a company varies its products and competitive advantages from one country to another to meet diverse needs and local market conditions (Khairani et al., 2021). In this strategy, companies strive to think locally and act locally (think local – Local ACT), according to the target market location to be entered. The purpose of implementing the multi-domestic strategy implemented by ICBP is so that the company can respond to local consumers in each country optimally through product adjustments.

The implementation of international strategies cannot be implemented optimally if the company does not choose Mode of entry which is just right to enter the international market. In choosing Mode of entry In accordance with the company, ICBP first considers internal and external factors that can influence the company in entering the international market. Export is a the first mode of entry used by ICBP. This is because export is a low-risk and cost option with a good opportunity to expand market share. After successfully maintaining its position in the international market, ICBP gradually adopted the mode of entry Others are in line with

the company's development to continue to expand outside the domestic market. Until now, ICBP has conducted modes of entry in the form of export activities, strategic alliances, acquisitions, and the establishment of overseas factories and production facilities to expand the company's presence in the international market.

Until now, ICBP has grown to become a major player in the global food and beverage market through its international business strategy. Hopefully, ICBP can continue to grow in the global market by utilizing the company's SWOT to Expand business scale, gain competitive advantage, and increase the company's profits in international markets.

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