

How Indomie Survived and Led in the Middle East

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Abstract: The factors contributing to the thriving market penetration of the Indomie brand in the Middle Eastern instant noodle industry. Through an analysis of the brand's localization, affordability, adaptability to dietary needs, marketing, and distribution strategies, the abstract highlights the critical components of Indomie's triumph. The brand's ability to tailor flavors, packaging, and promotional efforts to align with Middle Eastern preferences has played a significant role in its widespread popularity. Moreover, the affordability and accessibility of Indomie products have positioned them as a favored choice across various consumer segments. The brand's recognition and response to dietary considerations, such as halal certification, further underscore its resonance with the regional market. The abstract underscores the insights that can be gleaned from Indomie's success story, particularly in effectively navigating diverse cultural and economic landscapes through strategic alignment and marketing acumen.

Keywords: Indomie, brand image, Middle East

Introduction

Nowadays, instant noodles have become the most popular instant foods that help many busy people shorten cooking time or help people with less money. In 1958, "Chicken Ramen," the first instant noodles invented by Momofuku Ando, was introduced in Japan (Wazir et al., 2020). Until now, the popularity of instant noodles in the world has undoubtedly grown sharply. According to data from WINA (World et al. Association), the world demand for instant noodles is reaching 97.46 billion packs. (VOI, 2021) it even increased in 2019 to 106.4 billion.

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Indomie was first introduced in Indonesia with Indomie soup-based Chicken flavor in 1971. Then the first dry noodles variant (consumed without broth) was launched in 1982. This variant became very famous in the instant noodles market (Wijaya, 2021). The brand is divided into two product categories (Chao, 2021; Owolabi & Itemeh, 2021). First, Soup Noodles categories which are consumed with broth plus a combination of Indonesian blend spices and Dry Noodles, are consumed without any broth; simply cook in boiling water, drain, and put the seasoning, then stir well before eating. Variants of Soup Noodles are Chicken Flavour, Special Chicken Flavour, Chicken Curry Flavour, Kakaruk Chicken Flavour, Vegetable Flavour, Shrimp Flavour, Onion Chicken Flavour, Beef Flavour, Soto Special Flavour, Cup Chicken Flavour, Cup Soto Flavour, Cup Beef Flavour, and Cup Chicken Curry Flavour. And the variants of Dry-Based Noodles or Fried Noodles such as Original Flavour, Hot and Spicy Flavour, Barbeque Chicken Flavour, Satay Flavour, Rendang Flavour, Iga Penyet Flavour, Cabe Ijo Flavour, Soto Flavour, Special Fried Curly Noodle, Curly Noodles Barbeque Chicken Flavour, Fried Noodle Jumbo, Fried Noodle Barbeque Chicken Flavour Jumbo, Fried Noodle 5S Flavour, Fried Noodle 10S Flavour, Fried Noodle Flavour Cup, Fried Noodle Barbeque Chicken Flavour Cup (Beva, 2022; Yew & Tan, 2022).

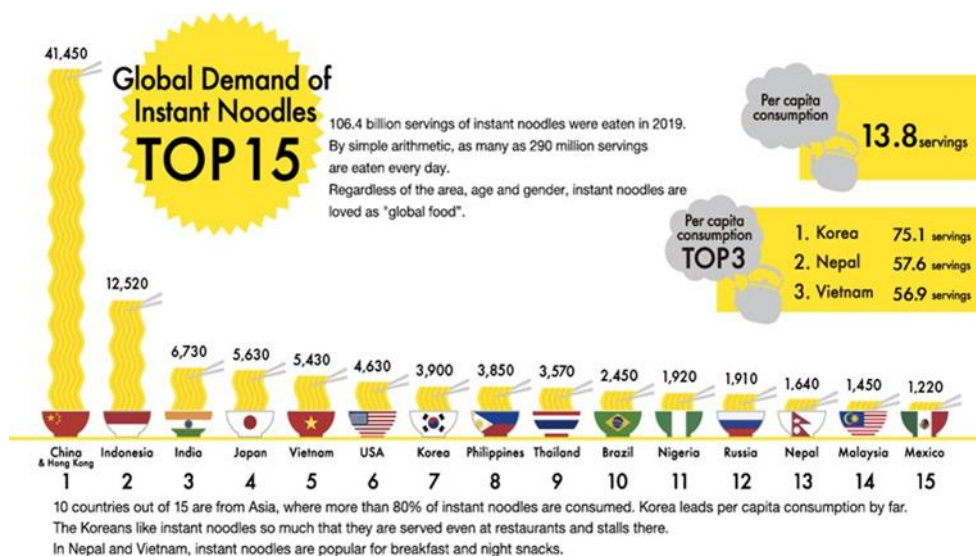


Figure 1 Global Demand for Instant Noodles

1986 was the first time Indomie was brought into the Middle East, especially Saudi Arabia. Moreover, in 1991, they opened the first factory in Jeddah under Pinehill Arabia Food Limited Company (PAFL), and every day, they can make up to 2 million packs. Pinehill is the Primary producer of instant noodles in the Middle East (Dewi, 2016; Soekarba, 2018). PAFL is also an associate member of the World Instant Noodle Association. (WINA, no date) With increasing demand across the Middle East and North Africa Region, in 2007, Pinehill built

its second factory in Dammam that makes up to 4 million packs a day. They have three manufacturers in Saudi Arabia, two in Jeddah and one in Dammam (Dorigné-Thomson, 2023b; Taiwo, 2015). In Jeddah, they produce noodles, hot sauce, and ketchup packets for all noodle products. In Dammam, they produce noodles. Furthermore, Indomie has dominated 95 percent noodles market share in Saudi Arabia.

In the contemporary landscape of convenience-driven consumption, instant noodles have risen to prominence as a go-to solution for individuals navigating the demands of hectic schedules and limited resources. The advent of instant noodles can be traced back to a pivotal moment in 1958 when Momofuku Ando introduced "Chicken Ramen" to the world. As the first-ever instant noodles, this creation revolutionized culinary norms by offering a quick and accessible way to satisfy hunger. The genius of Ando's innovation lay in the pre-cooked nature of the noodles, coupled with carefully curated seasonings, enabling a remarkably swift and hassle-free meal preparation process. This transformative introduction marked the onset of an era where convenience and affordability intersected, addressing the needs of both busy professionals seeking to curtail cooking times and individuals looking for cost-effective sustenance options.

The widespread appeal of instant noodles extends beyond their practicality; it encapsulates their role in nourishing diverse segments of society. For people with time constraints, such as students and office workers, enjoying a hot meal within minutes is a game-changer. Simultaneously, instant noodles serve as a lifeline for those facing financial constraints, delivering a palatable and affordable meal option (Dorigné-Thomson, 2023a; Mok Zhuang, 2020). The legacy of "Chicken Ramen" transcends its culinary significance, reflecting a paradigm shift in food culture that accommodates the modern need for speed, accessibility, and economy without compromising on taste and satisfaction. This evolution is evident in the diverse flavors, styles, and nutritional considerations that instant noodle brands offer. However, while instant noodles remain a staple for many, their popularity has raised questions about their nutritional value. Critics highlight concerns about excessive sodium and additives, urging the industry to pivot towards healthier alternatives. As the legacy of "Chicken Ramen" endures, there is a growing emphasis on striking a balance between convenience and health, ensuring that instant noodles continue to cater to modern lifestyles while promoting well-being (Bello et al., 2017).

Research Method



Figure 2 Strategy Poster 5 Forces

Rivalry among Existing Competitors

High: The competition between noodle brands is getting stronger in line with the increasing demand for instant food, including noodles. Although until now, it is claimed that Indomie still controls the market and still has a special place in the Middle East (Galvin et al., 2020; Kilduff, 2019).

Threat of New Entrants

Moderate-High: New noodles brands in the Middle East can threaten Indomie. The new entrants can offer products with more unique tastes, like Samyang noodles products with spicy fried noodles or soup noodles. On the other hand, related to health, the new entrants can offer healthier noodles. To keep dominating the market, Indomie must require mature strategies so another brand will not easily displace it (Galvin et al., 2020).

Threat of Substitute Product

Moderate-High: Involvement of the community in business is very necessary. We must always pay attention to what they choose. They think about what is better than other products, like cheaper, more delicious, or even healthier. Many brands of noodles can be

substituted by Indomie, like Samyang from Korea, Koka from Singapore, Maggi from Switzerland, or Ching's from India, etc., but Indomie until now still indulges its consumers with a reasonably low price and a large variety of flavors as an option. That makes the threat of substitute products moderately high (Rauschnabel, 2021).

Bargaining Power of Buyers

Moderate-High: Until now, there are many consumers who are primarily loyal to Indomie and its variants. The most often in the mind of a buyer is buying a product that has a matching taste with the best quality has the lowest price, and hopefully, you can get the best service as well. But with so many brands of noodles in circulation that offer almost the same price as Indomie, buyers can have many choices. So the bargaining power of buyers in the Middle East for Indomie is Moderate-High (Harding et al., 2003; Omillo, 2019).

Bargaining Powers of Supplier

Low: The bargaining power of suppliers of Indomie is low because Indofood owns almost all suppliers. And the companies are wrapping all stages of food manufacturing, from preparing the raw materials, the production, and the packing processing until the last item is available in the market (Chang et al., 2022).

Result and Discussion

Politics	Politics and economics in the countries are related. So instability of a country can affect the country's economy. In the Middle East, as we can see, they have sufficient political stability, which makes the country's economy quite better so that people's purchasing power remains stable even with tax policy. With factories in the Middle East, they can cover Indomie distribution for GCC and North African countries.
Economic	The Kingdom of Saudi Arabia's government has opened an economic system. It makes so many companies in the world try to build and exist in the struggle. Now Indomie claims to cover 95 percent of the Kingdom market, with their second age group. (Arabnews, 2021). Since being an Indomie's flag, Pinehill keeps trying to increase its revenue. In the year ended December 31, 2019, they reported revenue of USD 533.5mn, while its profit before tax

	increased by 43% y-o-y to USD 125mn, and its net profit increased by 3% y-o-y to USD 43.2mn.
Social	According to Faisal Bawazir, CEO of Pinehill Arabia Food Ltd. The big reason for their booming in the Middle East is that Indomie is guaranteed halal. Not just in KSA, but you can find Indomie as a favorite noodle brand in the MENA region because of the Muslim population in this area.
Technology	Indofood produces instant noodles following all national and international safety standards to ensure the quality of the product. Starting before the material is brought to the factory, it must pass quality control first, and after that will be taken to the laboratory for analysis to ensure purification Indomie uses Retort Technology, a food packaging procedure for eliminating microorganisms that cause diseases with high temperatures that keep noodles sterilized and safe for consumption as long as the wrap is still closed.
Environment	Indofood has made its own policy for environmental management and is committed to preserving the environment. Indofood's environmental policy explained that the company attempts to develop and maintain the management for taking action likes: <ol style="list-style-type: none"> 1. Following relevant rules and regulations related to environmental management; 2. Taking preventive measures in the face of pollution covers water, air, and soil pollution through continuous and improvement assessment and development the new technologies. 3. Using Energy and Natural resources effectively and efficiently 4. Using "Reuse, recycle, and recovery" principles. 5. Boosting the employee's competency and awareness about environmental management
Legal	Pinehill got prestigious certificates from the Saudi Arabian Standards Organization (SASO), the International Standard Classification of Occupations (ISCO), the Food and Drug Administration (FDA), and a Halal certificate from the Indonesian Ulama Council.

Stakeholder of Indomie

Internal	External
<p>Owners/shareholder</p> <ul style="list-style-type: none"> • Mainly interested in return on investment, revenue, and dividends • Mainly interested in the achievement and development of the business Interested in the proper operation of the business 	<p>Customer</p> <ul style="list-style-type: none"> • Mainly interested in the worth of money • Mainly interested in product quality and customer service
<p>Managers and Employees</p> <ul style="list-style-type: none"> • Mainly interested in rewards, including basic pay and other financial incentives • Mainly interested in job security and working condition • Mainly interested in endorsement, chance, job satisfaction, status motivation, roles, and responsibilities 	<p>Local Society</p> <ul style="list-style-type: none"> • Mainly interested in the achievement of business, mostly generating, and holding a job Mainly interested in the fulfillment of local laws and regulations such as noise and pollution
	<p>Government</p> <ul style="list-style-type: none"> • Mainly interested in the correct collection and payment of taxes such as VAT • Mainly interested in helping the business to grow, like creating the job Mainly interested in compliance with business legislation
	<p>Suppliers</p> <ul style="list-style-type: none"> • Mainly interested in continued and profitable trade with the business • Mainly interested in financial stability

In summary, P.T. Indofood Sukses Makmur, represented by Pinehill Arabia Food Limited, has strategically positioned itself in the Middle East through a series of focused efforts aimed at enhancing product quality, affordability, innovation, and sustainability; quality Focus: The company has dedicated itself to improving product quality across the entire spectrum, from sourcing raw materials to the final ready-to-eat products. This commitment underscores its dedication to delivering a superior and consistent experience to Middle Eastern consumers. Competitive Pricing, Indomie has managed to maintain its competitive edge by offering its products at more affordable prices compared to competitors while upholding the quality standard. This combination has contributed significantly to its market success. Continuous Innovation, The brand's willingness to innovate has played a pivotal role in catering to the diverse taste preferences of Middle Eastern consumers. Introducing new flavors that resonate with local palates reflects Indomie's adaptability and consumer-centric approach. Healthier Ingredients, Acknowledging the evolving consumer preferences for healthier options, Indomie can further enhance its appeal by minimizing or substituting artificial flavor enhancers like MSG with natural alternatives. This step aligns with health-conscious trends. Environmental Responsibility, Indomie's initiative to adopt environmentally friendly packaging materials demonstrates its commitment to sustainability. By exploring and implementing technologies that reduce plastic usage, the brand is contributing to a greener future and resonates with environmentally conscious consumers. Incorporating these strategies holistically can bolster Indomie's brand equity and market dominance in the Middle East. By continually emphasizing quality, affordability, innovation, health consciousness, and environmental consciousness, the brand is well-positioned to maintain its favorability among consumers and adapt to ever- changing market dynamics.

Conclusions

Indomie's impressive market penetration and loyal customer base in the Middle East can be attributed to a combination of factors, including its alignment with local preferences, adherence to halal certification, and a strategic approach that resonates with its vision and values. The brand's commitment to quality, affordability, and adaptability has enabled it to thrive in a competitive market and maintain its favored status among consumers. Indofood's holistic vision, mission, and values have not only guided the company's actions but have also reflected in the success of the Indomie brand. By recognizing the significance of halal certification and integrating it into its strategy, Indomie has effectively secured its position in the Middle East, where religious and cultural considerations play a vital role. The

recommended strategies, encompassing cultural sensitivity, localized marketing, and product adaptability, serve as pillars that uphold Indomie's resonance with Middle Eastern consumers. As the instant noodle landscape evolves, Indomie's unwavering commitment to quality and its ability to innovate while staying true to its core values stand as cornerstones of its continued success. In the ever-evolving realm of the Middle Eastern instant noodle market, Indomie's journey underscores the importance of strategic alignment, consumer engagement, and a commitment to quality, offering valuable insights for other brands seeking to establish a meaningful presence in culturally diverse markets.

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