



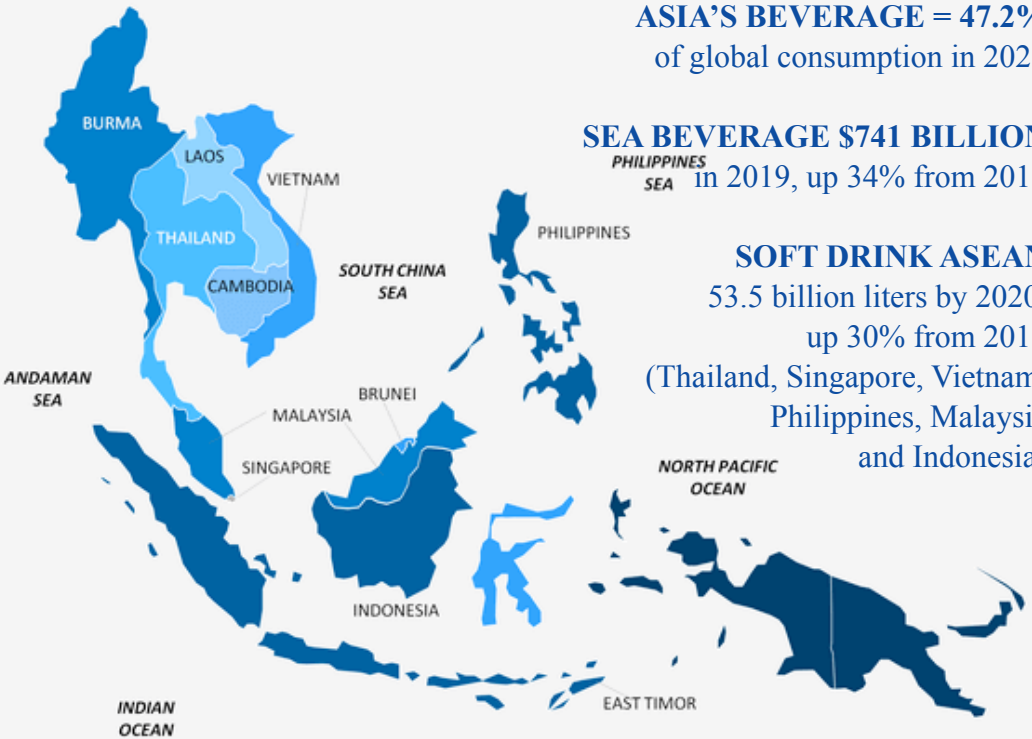
BEVERAGE 4.0

TOWARD A NEW ERA FOR ASIA'S BEVERAGE INDUSTRY

ASIA'S BEVERAGE = 47.2%
of global consumption in 2021

SEA BEVERAGE \$741 BILLION
PHILIPPINES SEA in 2019, up 34% from 2015

SOFT DRINK ASEAN
53.5 billion liters by 2020,
up 30% from 2015
(Thailand, Singapore, Vietnam,
Philippines, Malaysia
and Indonesia)



THE GLOBAL BEVERAGE MARKET is expected to reach \$ 1.9 trillion by 2021 with CAGR 3.0% from 2016 to 2021 and Asia has 47.2% share while SEA Beverage value US\$ 741 billions in 2019, up 34% from 2015. There will be 53.5 billion liters of softdrink in ASEAN (Thailand, Singapore, Vietnam, Philippines, Malaysia and Indonesia) up 30% from 2015.

Everywhere, everyone talk about industry 4.0 and now we are talking about Beverage 4.0 For sure in this 4.0 industry, which everything digital we need to change, we need to make investment for the right people, the right equipment. Then the investment must be paid.

Digital technology can help us inventing almost everything ten years from now so whether you like it or not the technology will continue you can drive with it or left behind.

20 years ago if you are the biggest company you have the biggest clients list and you can produce cheaper products, but now we need more than just big.

We cannot stand still we must change. Indonesia and Vietnam enjoy most of the growth in the beverage industry as their population also keep increasing (according to data in Indonesia every year more than 4 millions baby born), while other countries must offer value added to their beverage products.

FIVE TRENDS FROM BEVERAGES NOW

- **Health and Nutrition**
It means we replacing artificial colors, flavors, and preservatives with pure ingredients, Reducing

sugars, fats and sodium, Steering away from other additives and we must clearly mention it on the labelling of the product.

Everyone concentrated on this features, so you must make a different such as the drink make the customers in a journey, for example real juice from India make their mocktail of Pina Colada like a real Pina Colada Cocktail and you are in the beach on all their advertisement.



- **Safety, Trust and Sustainability**
Usually safety and trust belong to a steady brand. Customer want to know where the sourcing of the product, such as mineral water from the mountain or else. Are all materials sustainable ?



- **Taste Experiences**

The drink makes a memorable experience and feel difference. Of course it will require innovation, such as what Pina Colada from Real Juice (Dabur group India). Another experience could be Authentic Cultural Flavors (such as rasa Jamu for Indonesia). New Flavor and Trend always will give opportunities to success. For example Starbucks bring their favorite drinks on the Café to their ready to drink.



- **Supply Chain Simplification**

Beside making new products to suit customers taste and expectation, we also have reduced production cost as well as simplified supply chain. For example Carlsberg with their suppliers work together to make innovation on the pack by just a glue eliminate the need of outer packaging.



- **Digital Transformation**

In the era digital we must transform every process in digital we must optimize process to

save cost with automation to avoid human error. In the next 5-10 years later our competitors may not become our competitor anymore.

**July 2019,
Tuti Buntaran**

*Source: MRS.WANNIPA BHAKDIBUTR
President of OSOTSPA and
President of Energy Drink Manufacturing Ass.*



INDONESIA BEVERAGE INDUSTRY

In 2016, total soft drinks sales were close 25.8 billion liters, accounting to IDR 123.59 trillion (USD 8.8 billion). Soft drinks industry growth in Indonesia is about 8-9 percent annually, with ready-to-drink coffee and bottled water at the top spots.

In the food sector, there is a strong demand for products such as packaged foods, fruits, vegetables, seafood, gourmet foods, and canned foods. The market for canned and packaged foods has grown significantly with most consumers prefer the convenience of packaged and ready to serve foods and beverages bring. This growth is expected to continue in 2018 and beyond.

We can also see a demand for certain new products such as individually packed snacks in flexible containers, single serve coffee or tea, breakfast cereals, etc. The ever changing urban lifestyle will continue to shape

the food and beverages in Indonesia.

Currently, Indonesia requires a wide array of raw materials for its food processing industry. Thus, this demand is opening up significant opportunities for ingredient suppliers from all over the world, especially neighboring countries. The food processing industry continues to grow and will continue to grip the great potential for foreign investors.

For a full year in 2018, Industry Ministry of Indonesia set IDR 53.18 trillion (approx. USD 3.9 billion) investment goal for the national food sector and IDR 10.07 trillion (approx. USD 735 million) investment for the beverage industry. Therefore, total direct investment in the food and beverage industry in Indonesia has a very positive outlook at IDR 63.25 trillion (USD 4.6 billion).