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Report Highlights:

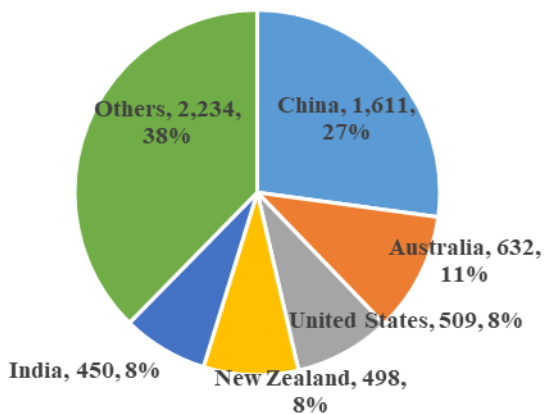
Indonesia offers excellent opportunities for U.S. exporters of consumer-oriented agricultural products. Despite import licensing and distribution challenges, U.S. exports of consumer-oriented products reached over \$500 million in 2018. Over 50 percent of Indonesia's 265 million people reside in urban areas and a growing middle class are driving demand for new products, tastes, and ingredients. Key U.S. exports to the sector include meat, dairy products, fresh fruit, frozen potatoes, condiments, and bakery ingredients.

Market Fact Sheet: Indonesia

Executive Summary

Indonesia is the fourth most populous nation in the world, with a population of approximately 265 million in 2018. Sixty percent of the population is in Java, one of the most densely populated areas in the world. In 2018, Indonesia's GDP reached \$1,041 billion and GDP/capita reached \$3,927. Indonesia is a major producer of rubber, palm oil, coffee and cocoa. In 2018, agricultural imports reached \$21.3 billion (\$5.9 billion was consumer-oriented products). In addition to consumer-oriented products, soybeans and wheat are top U.S. exports. Agricultural self-sufficiency is a stated goal of the Indonesian government, and is often used to justify trade barriers and restrictions.

Import of Consumer – Oriented Products to Indonesia, 2018 (\$million)



Food Processing Industry

The food industry is comprised of approximately 5,700 large and medium-sized producers with 765,000 employees, and 1.61 million micro and small-scale producers, with 3.75 million employees. Most of the products are consumed domestically, (mostly retail) and the market is very competitive. The value of the food and beverage processing industry is estimated to be \$118 billion.

Food Retail Industry

Indonesian grocery retail sales reached \$109 billion in 2018 (Traditional Grocery Retailers held 83 percent share). The sales growth for 2019 is forecast at 8.9 percent. There are four players in the hypermarket group (Carrefour/Trans Mart, Giant, Hypermart, and Lotte Mart), and six in the supermarket segment Alfa Midi, Hero, Superindo, Ranch Market & Farmers Market, Food Mart, The Food Hall). Major Convenience stores include Indomaret and Alfamart.

Food Service Industry

The food service activity's total contribution to GDP was about \$22 billion (Rp317 trillion) in 2018, and registered about 7.2 percent growth. The sector is dominated by small restaurants, street-side restaurants known as warungs, and vendors that sell food to customers on the street.

Quick Facts for 2018

Agricultural Product Imports: \$21.3 billion

U.S. Share (16%) – \$3.3 billion

Consumer-Oriented Product Imports: \$5.9 billion

U.S. Share (8%) – \$509.8 million

Edible Fish & Seafood Products Imports: \$313 million

U.S. Share (8%) – \$24 million

Top 10 Growth Products:

Baked goods, baby food, dairy products, confectionery, processed meat & seafood, savoury snacks, sauces, dressing & condiments, sweet biscuit, snack bars & fruit snack, and ice cream & frozen dessert

Top 10 Retailers

Indomart, Alfamart, Transmart/Carrefour, Alfa Midi, Hypermart, Giant, Hero, Lotte Mart, Superindo, Giant, Hypermart, Alfa Midi, Superindo, Lotte Mart, Food Mart, Hero

GDP/Population

2018 Population (millions): 265

2018 GDP: \$1,041 Billion

2018 GDP per capita: \$3,927

Economic Growth

2018: 5.17%

2017: 5.07%

Source: Indonesia Statistics, Trade Data Monitor and Euromonitor

Strength/Weakness/Opportunities/Challenge	
Strengths	Weaknesses
Large Consumer Base	Inadequate infrastructure, including ports and cold storage facilities outside of the main island of Java
Opportunities	Challenges
Rapid growth of retail sector; Japanese, Korean, and Western restaurant chains; bakeries, growing HRI and tourism sectors.	Challenging business climate, and unpredictable regulatory environment.

Contact: FAS Jakarta, Indonesia

AgJakarta@fas.usda.gov / www.usdaindonesia.org

Section I: Market Summary

Indonesia's food service sales were \$38 billion in 2018, an increase of 6.3 percent compared to previous year, driven by continued middle-income consumer growth, and the growing preference to dine out. The rapid growth of online food delivery service supported the growth. Many of these delivery service companies expanded beyond Jakarta to smaller cities.

Indonesia: Advantages and Challenges for U.S. HRI Food Products

Advantages	Challenges
Indonesia has the largest foodservice market and consumer base in Southeast Asia.	The GOI will start to implement mandatory Halal Certification on all foods.
Food service operators are influenced by western-style foods and trends, which supports demand for high-quality imported ingredients.	As a result of FTAs, some countries have tariff advantages e.g. Australia, China, ASEAN, New Zealand, and South Korea.
Dining out continues to be the predominant social activity, leading to restaurant expansion, especially in Jakarta and Bandung.	Although U.S. products have good quality reputation, they are often more expensive, and are only affordable to the wealthiest in Jakarta.
Hotel expansion in secondary cities due to infrastructure development and new tourist destinations.	Budget hotels dominate the market, and these hotels carry few U.S. products.

Sales Value and Outlet Growth of Indonesia's Foodservice by Location, 2017 - 2018

Foodservice By Locations	2017		2018		Outlet Growth (2017/2018)	Value Growth (2017/2018)
	Number of outlets	Sales value (in USD million)	Number of outlets	Sales value (in USD million)		
Standalone	103,698	19,721	103,734	21,078	0.0%	6.9%
Leisure	16,560	1,112	16,783	1,164	1.3%	4.6%
Retail	64,572	12,312	64,896	13,055	0.5%	6.0%
Lodging	1,720	1,266	1,764	1,311	2.6%	3.6%
Travel	18,579	1,330	18,669	1,401	0.5%	5.3%
Total	205,129	35,742	205,846	38,009	0.3%	6.3%

Source: [Euromonitor International](#)

Section II: Road Map for Market Entry

A. Entry Strategy

There are food shows in Indonesia which provide a great opportunity to offer new products and a good first step to entry the market: [Food and Hotel Indonesia, 2021](#), [Food, Hotel and Tourism Bali 2020](#), [Food Ingredients Indonesia 2020](#) and [SIAL Interfood Indonesia 2019](#). In addition to [GAIN Market Reports](#), USDA's [U.S. Cooperator Market Development Program Participants](#) and FAS Jakarta can provide a good starting point for companies seeking market information. The following reports or websites are useful information on import regulations and duties:

1. [Food and Agricultural Import Regulations and Standards Report \(FAIRS Annual Country Report\) 2018](#)
2. [Food and Agricultural Import Regulations and Standards - Certification 2018](#)
3. [Tariffs and FTAs Information - Based on HS Code](#)

B. Market Structure

The foodservice industry has five major segments, which include cafés/bars, full and limited-service restaurants, self-service cafeterias and street stalls/ kiosks. In 2018, full-service restaurants had the largest sales value and number of outlets in the market; however, the strong sales growth has come from limited-service restaurants or fast food and delivery segment. Cafés/bars have the highest rate of outlet growth due to the growing trend of social coffee drinking among the millennials.

Foodservice Outlets	2017		2018		Outlet Growth (2017/2018)	Value Growth (2017/2018)
	Number of outlets	Sales value (in USD million)	Number of outlets	Sales value (in USD million)		
Cafés/Bars	5,119	2,272	5,284	2,455	3.2%	8.0%
Full-Service Restaurants	100,602	30,260	100,908	32,124	0.3%	6.2%
Limited-Service Restaurants*	6,419	1,800	6,514	1,960	1.5%	8.9%
Self-Service Cafeterias**	590	185	601	196	1.9%	5.9%
Street Stalls/Kiosks	92,400	1,224	92,539	1,275	0.2%	4.1%
Total	205,130	35,742	205,846	38,009	0.3%	6.3%

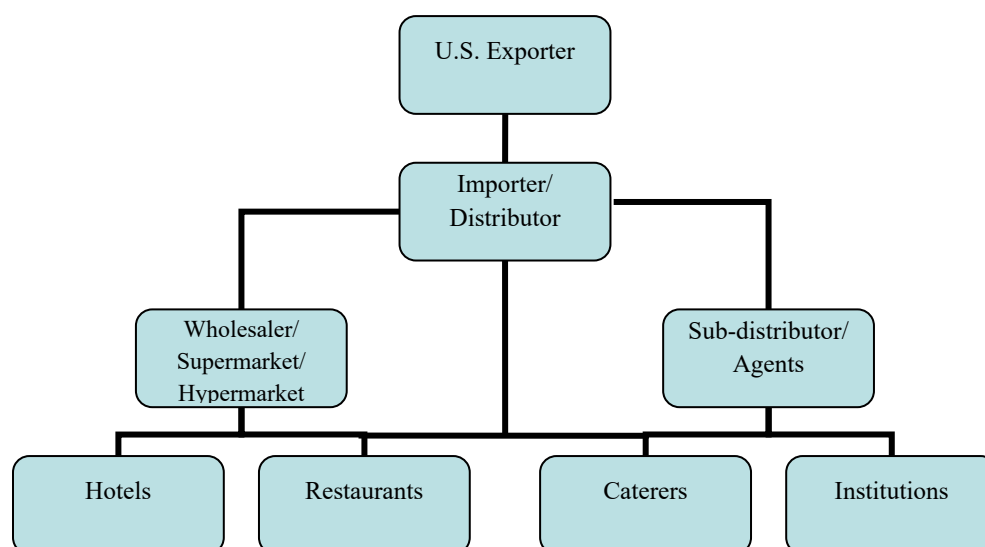
Note: *Fast Food and Delivery

** Self-Service Cafeterias: ready-to-eat food from food and beverage areas in grocery outlets

Source: [Euromonitor International](#)

C. Distribution

Indonesia: HRI Sector Distribution Channels



D. Sub-Sector Profiles

Hotel

In 2018, foreign tourist arrivals reached nearly 16 million, an increase of 13 percent compared to previous year. Asians accounted for 71 percent of total tourists. ¹ On average, tourist spent 18 percent of expenditure for food and beverages, or around \$2.5 billion, while domestic tourists spent 30 percent of \$5.5 billion in total.

The number of hotels has increased significantly from 16,685 to 28,227 hotels, offering 712,202 rooms (2013 – 2018). Although most international hotel chains are located in Jakarta, Bali, Bandung, Surabaya, Yogyakarta and Medan, more are expanding into secondary cities due to infrastructure development and promotion of new tourist destinations.

Major International Chain Hotels and Resorts in Indonesia

Group	Number of Hotel/ Resort in Indonesia	Brands
Accor	≥ 130	Raffles, Grand Mercure, Pullman, Banyan Tree, Sofitel, Fairmont, Novotel, Ibis, and All Seasons etc.
Archipelago International	≥ 145	Grand Aston, The Alana, Hotel Neo, Favehotels, Aston Heritage Collection, Quest Hotels, Huxley, Kamuela and Harper etc.
Starwood	49	The Bulgari Resort Bali, The Ritz-Carlton, Courtyard, JW Marriot,

¹ Based on last data in 2017, <https://www.bps.go.id/publication/2019/03/26/66604e9f077983c15b80e2bc/neraca-satelit-pariwisata-nasional--nesparnas--2017-.html>

		St. Regis, Westin, Sheraton, Le Meridien, Four Points, Loft etc.
Intercontinental Hotels Group	16	Holiday inn, Crowne Plaza, InterContinental.
Swiss-bel hotel	≥ 30	Swiss-Bel, Zest, Ciputra World etc.
Hilton	6	DoubleTree, Hilton, Conrad, Hilton Garden Inn

Restaurants

The influence of western cuisine and increased middle incomes have led to growth in international restaurant brands, especially for those that have a menu for Indonesian tastes. International brands dominate restaurant chains, which can be found throughout Indonesia. Most of those restaurants chains depend on imports for certain products, especially cheese, sauces, flavored beverages, and beef. The international chains both import their ingredients directly through franchisees and buy from local food ingredient importers.

Top 15 Restaurant Chains in 2018

No	Restaurant Name	Franchisee/Brand Owner	Outlets	Value Share (%)
1	KFC	PT Fast Food Indonesia Tbk (Gelael Pratama and Indofood)	701	12.1
2	McDonald's	PT Rekso Nasional Food (Rekso Group)	198	10.7
3	Pizza Hut	PT Sarimelati Kencana Indonesia (Sriboga Group)	362	7.7
4	Starbucks	PT Sari Coffee Indonesia (MAP Boga Adiperkasa)	390	4.4
5	J Co Donuts & Coffee	Johnny Andrean Group	262	3.4
6	HokBen	PT Eka Bogainti	151	2.8
7	Restoran Sederhana	PT Sederhana Citra Mandiri	115	2.7
8	Richeese Factory	PT Richeese Kuliner Indonesia (Nabati Group)	133	2.1
9	Solaria	PT Sinar Solaria	180	2
10	Pizza Hut Express	PT Sarimelati Kencana Indonesia (Sriboga Group)	197	1.8
11	Es Teller 77	PT Top Food Indonesia	188	1.7
12	D'Cost Seafood	PT Pendekar Bodoh	85	1.7
13	A&W	PT Biru Fast Food Nusantara	171	1.6
14	Edam Burger	PT Edam Burger Indonesia	2161	1.3
15	California Fried Chicken	PT Pioneerindo Gourmet Internaitonal, Tbk	256	1.3

Source: [Euromonitor International](#)

Catering

The catering industry is categorized into hospitality sector (hotel and wedding/ event), industrial, online and in-flight catering. It is a highly fragmented industry for hospitality, online and industrial while in-flight catering is concentrated to few caterers only. ²One airline caterers, [Aerofood ACS](#), has 90 percent market share. In 2018, this company expanded to serve industry and other business due to promising demand for premium catering in urban areas. As another example of catering companies branching out, in 2017 [ISS Catering Service](#) began remote catering service for mining sites in Indonesia. Other companies are also aggressively marketing their services to hospitals, international schools, and offices as demand for food catering is growing. Online catering is also growing, driven by the growth of internet users. One example is [Yummybox](#), which offers local, western and healthy foods.

Section III: Competition

Indonesia imported \$509.8 million of consumer-oriented products from the U.S. in 2018, an increase of 4.6 percent from the previous year. China is the largest exporter of this category product, mainly from fresh vegetables and fruits, followed by Australia and the U.S. India, Netherlands and South Korea have recently increased sales and market share. India has increased steadily over the past three years due to the rise in beef exports to Indonesia.

Top 10 Indonesia Imports of Consumer-Oriented Agricultural Products and Competition

Product Category	Key Exporter Countries	Key Products
Dairy products \$1,209 M	New Zealand (33%); The U.S. (14%); Australia (10%); France (8.5%); Netherlands (7%)	Milk and cream powder, whey, butter, cheese, ice cream, lactose, buttermilk.
Fresh fruit \$1,202 M	China (61%); Thailand (9%); Australia (8%); The U.S. (7%); Pakistan (6%)	Apples, grapes, pears, citrus (mandarin, oranges, lemon).
Food preps.& misc. bev \$805 M	Malaysia (19%); China (14%); Singapore (13%); The U.S. (12%); South Korea (9%)	Non-dairy creamer, supplements, flavoring, baked products, pasta, mixes and doughs, cereals.
Fresh vegetables \$590 M	China (86%); India (3.5%); New Zealand (3.2%); Netherlands (2.8%); Germany (1.3%)	Garlic, onions, potatoes (fresh and seed). Import under this category 84 percent from garlic.

² <https://www.beritasatu.com/ekonomi/489754/aerofood-ac-s-bidik-pendapatan-us-172-juta>

Beef & beef products \$725 M	Australia (47%); India (39%); The U.S. (7%); New Zealand (6%); Spain (1%)	Bovine and buffalo meat.
Spices \$207 M	Madagascar (32%); India (27%); Tanzania (17%); Papua New Guinea (5%); China (5%)	Cloves, peppers, coriander seeds.
Chocolate & cocoa products \$178 M	Malaysia (33%); India (20%); Singapore (18%); Australia (4%); China (4%)	Cocoa powder, cocoa & chocolate preparations, cocoa butter, cocoa paste.
Processed vegetables \$146 M	China (34%); The U.S. (31%); Belgium (9%); Netherlands (9%); Canada (4%)	French fries canned vegetable, onion powder.
Processed fruit \$139 M	Egypt (16%); China (15%); Tunisia (15%); The U.S. (11%); U.A.E (8%)	Dates, jams, raisins, peanut butter.
Coffee, roasted and extracts \$160 M	Malaysia (29%); Brazil (29%); India (19%); Vietnam (15%); China (5%)	Coffee extracts and roasted

Source: [Trade Data Monitor](#)

Section IV: Best Prospects for U.S. Consumer-Oriented Product Exports to Indonesia

(Values in thousands US\$)

Product Group	Indonesia World Imports			Indonesia Imports from U.S.		
	2018	2014 - 2018		2018	2014 - 2018	
		Absolute*	Growth**		Absolute*	Growth**
Fresh Fruit	1,201,903	474,581	17.3%	90,097	-30,108	-4.8%
Beef & Beef Products	725,384	281,547	20.1%	52,444	25,845	35.5%
Spices	207,289	107,873	28.1%	358	41	1.9%
Fresh Vegetables	589,957	97,154	7.9%	535	-2,591	-39.0%
Food Preps. & Misc. Bev	805,212	87,377	2.5%	100,458	-3,017	-2.3%
Coffee, Roasted and Extracts	160,025	60,006	10.4%	2,162	499	11.1%
Processed Fruit	138,805	59,773	17.4%	14,979	5,874	16.6%
Chocolate & Cocoa Products	177,835	50,268	9.6%	2,091	1,283	22.8%
Dog & Cat Food	92,931	48,895	20.4%	4,538	-2,277	-10.8%
Condiments & Sauces	96,959	41,887	17.3%	3,374	1,470	19.7%

Processed Vegetables	145,540	41,644	9.5%	45,376	7,739	55.0%
Snack Foods NESOI	119,596	36,142	10.0%	406	61	-36.0%
Tree Nuts	52,133	28,277	24.6%	12,045	3,029	4.3%
Wine & Beer	22,016	18,373	74.0%	886	846	13.6%
Tea	52,299	14,122	7.7%	1,320	892	0.1.9
Pork & Pork Products	9,103	6,901	32.7%	2,256	698	2.9%
Eggs & Products	11,663	1,942	0.9%	473	308	10.6%
Non-Alcoholic Bev. (ex. juices, coffee, tea)	70,194	295	-2.8%	809	721	76.3%
Meat Products NESOI	15,398	-3,684	-9.2%	350	130	79.0%
Fruit & Vegetable Juices	22,340	-7,848	-6.3%	2,540	-727	-5.0%
Dairy Products	1,209,098	-308,041	-3.4%	170,884	-120,981	-11.6%

Source: [Trade Data Monitor](#); *Absolute value change from 2014 to 2018, **Growth as Annual Growth Rate

Top 10 Consumer-Oriented Products Imported from the United States

1. Dairy products (milk and cream powder, cheese)
2. Fresh fruit (grapes, apples, oranges)
3. Food preps. & misc. bev (food supplement, bread, pastry, mixes and dough, pasta, soup, cereal)
4. Beef & beef products
5. Processed vegetables (French fries)
6. Processed fruit (dried fruits; raisins, dates, cherries, prunes)
7. Tree nuts (almonds, hazelnuts, pistachios, walnuts)
8. Dog & cat food
9. Condiments & sauces (sauces, tomato ketchup, vinegar)
10. Fruit & vegetable juices (oranges juice, grapefruit juice, apple juice)

Products Not Present in Significant Quantities but which have Good Sales Potential

1. Wine
2. Almonds
3. Figs (fresh or dried)
4. Beverage: juice/ concentrate
5. Dried fruits: prunes, cherries
6. Fresh cut flowers
7. Fresh fruits: cherries, avocado, peaches, raspberries/ blackberries/ blueberries
8. Prepared pork luncheon meat
9. Baby food

Products Not Present Because They Face Significant Barriers

- Poultry and eggs

Section VI. Key Contacts and Further Information

Government Data Sources

[Statistic Indonesia](#)

Website & Social Media Info of Government Agencies

Website: [Ministry of Agriculture](#); [Ministry of Trade](#); [Ministry of Industry](#); [National Agency of Drug and Food Control](#); [Ministry of Marine Affairs and Fishery](#); [Indonesia Customs](#)

Facebook: [Statistic Indonesia](#); [Ministry of Agriculture](#); [Ministry of Trade](#); [Ministry of Finance](#); [National Agency of Drug and Food Control](#)

You Tube: [Ministry of Agriculture](#); [Ministry of Finance](#); [National Agency of Drug and Food Control](#); [Ministry of Industry](#); [Statistic Indonesia](#); [National Standardization Agency of Indonesia - BSN SNI](#)

Twitter: [Ministry of Agriculture](#); [Ministry of Finance](#); [Ministry of Industry](#); [National Agency of Drug and Food Control](#); [National Standardization Agency of Indonesia_BSN SNI](#)

Instagram: [Ministry of Agriculture](#); [National Agency of Drug and Food](#); [Ministry of Industry](#); [Ministry of Trade](#)

Government Regulatory Agency/Food Policy Contacts

Ministry of Agriculture Directorate General of Food Crops

Tel: +6221-782-4669 Fax: +6221-780-6309

Homepage: <http://tanamanpangan.pertanian.go.id/>

Directorate General of Horticulture

Tel: +6221-7883-2048; Fax: +6221-780-5580

Homepage: <http://hortikultura.pertanian.go.id/>

Products regulated; horticulture products

Directorate General for Livestock and Animal Health Services (DGLAHS)

Tel: +6221-781-5580 to 83, 784 -7319; Fax: +6221-781-5583

Homepage: <http://ditjenpkh.pertanian.go.id/>

Products regulated; animal and animal-based food

Agency for Agricultural Quarantine (IAQA)

Tel: +6221-781-6840 to 84 Fax: +6221-781-6481/4

Homepage: <http://karantina.pertanian.go.id/>

Products regulated: animal and fresh fruit & vegetable – based food

Ministry of Trade (MOT)

Directorate General for Foreign Trade

T: +6221-2352-8560; 385-8171 ext. 35900 Fax: +6221-2352-8570

Homepage: www.kemendag.go.id

Ministry of Industry (MOI) Directorate General for Agro Industry

Tel: +6221-525-2713; 525-5509 ext. 2625/4062 Fax: +6221-525-2450

Homepage: www.kemenperin.go.id

Product regulated: refined sugar, wheat flour, cocoa powder, bottle water, biscuit, instant coffee

Ministry of Religious Affair

Halal Product Guarantee Agency (BPJPH)

Tel: +6221-8087-7955

National Agency of Drugs & Food Control (BPOM)

Tel: +6221-425-3857 Fax: +6221-425-3857 Homepage: <https://www.pom.go.id/new/>

Products regulated: package food for retail and further processed includes food additive and processing aids

National Standardization Agency (BSN)

Tel: +6221-392-7422 ext. 101/102 Fax: +6221-392-7527

Homepage: <http://sispk.bsn.go.id/SNI/DaftarList>

Products regulated: products standardization

The Indonesian Council of Ulama (MUI)

Tel/Fax: +6221-3910-2666; 3910-5266 Homepage: www.halalmui.org

Products regulated; halal-certified food

Other Import Specialist/ Trade Association Contacts

Please see Indonesia [FAIRS Country Report 2019, Page 48 - 49](#)

Post Contact

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Attachments:

No Attachments