

Analysis of Business Strategy and Growth of Sari Roti in the Indonesian Market

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ABSTRACT

This study analyzes the business strategy and growth of PT Nippon Indosari Corpindo Tbk, widely recognized by its brand name Sari Roti, within the Indonesian market. Established in 1995, Sari Roti has grown to become a dominant player in the modern bread industry in Indonesia. By employing a qualitative approach with a detailed case study, this research explores the various facets of the company's.

Introduction

Marketing strategies, conducts a comprehensive SWOT analysis, and evaluates its financial performance over the past five years. The findings reveal that Sari Roti has managed to uphold its position as a market leader through continuous product innovation, a robust and expansive distribution network, and well-executed marketing strategies. The unprecedented COVID-19 pandemic posed significant challenges; however, the company adeptly navigated these by ramping up online sales channels and introducing new product lines tailored to emerging consumer needs (Sari Roti, 2021). This study offers valuable insights into effective business strategies within the bakery industry, highlighting practices that could be beneficial for other companies in the food sector.

PT Nippon Indosari Corpindo Tbk, operating under the widely recognized brand name Sari Roti, stands as one of the preeminent bread producers in Indonesia. Established in 1995, the company has

experienced rapid growth, cementing its status as a market leader within the modern bread industry in Indonesia (Nippon Indosari, 2015). The company's success can be attributed to its extensive distribution network, which ensures that its products are accessible across the archipelago, from urban centers to remote areas. Additionally, Sari Roti's commitment to product innovation has allowed it to consistently attract and retain a diverse consumer base, catering to varying tastes and preferences (Market Research Indonesia, 2022). The integration of Japanese baking technology has been a significant factor in the company's ability to produce high-quality products that meet international standards, further enhancing its reputation and market presence.

Research Questions is 1. What specific business strategies has Sari Roti implemented that have enabled it to achieve and sustain its position as the market leader in the Indonesian bread industry?, 2. What internal and external factors have significantly influenced the growth trajectory of Sari Roti? And 3. How has Sari Roti's financial performance evolved over recent years, particularly in light of economic fluctuations and challenges such as the COVID-19 pandemic? and than Research Objectives is 1. To comprehensively analyze the business strategies implemented by Sari Roti, with a focus on identifying the key elements that have contributed to its market leadership, 2. To identify and examine the various factors, both internal and external, that have influenced the growth and development of Sari Roti over the years and 3. To assess and evaluate Sari Roti's financial performance in recent years, providing insights into its economic resilience and strategic financial management.

Research Benefits in this research is 1. To provide in-depth insights into effective business strategies within the bakery industry, drawing from Sari Roti's experiences and practice, 2. To offer valuable information and guidance for other companies in the food sector that aim to replicate Sari Roti's successful business model and 3. To contribute to the body of knowledge in the fields of business and marketing, serving as a reference for future research and academic studies.

THEORITICAL REVIEW

History and Development of Sari Roti

Sari Roti was established in 1995 and started producing bread with modern technology from Japan. Since then, the company has continuously grown by adding product variants and expanding its distribution network across Indonesia (Sari Roti, 2023). The company's history is marked by significant milestones, including the opening of new production facilities, strategic partnerships with local and international firms, and the introduction of innovative products that cater to the diverse tastes of Indonesian consumers.

Marketing and Business Theories

Several theories relevant to Sari Roti's business strategy include the 4P marketing theory (Product, Price, Place, Promotion), SWOT analysis, and company growth theory (Kotler & Keller, 2016). The 4P marketing mix has been instrumental in guiding Sari Roti's approach to market penetration and expansion. Product innovation, competitive pricing, strategic placement of products, and effective promotional campaigns have collectively contributed to the brand's success. Additionally, SWOT analysis has enabled the company to identify its strengths, weaknesses, opportunities, and threats, allowing for strategic planning and risk management.

Comparative Case Studies

Comparative case studies involving other successful bakery companies, such as BreadTalk and Tous les Jours, underscore the significance of product innovation and effective marketing strategies in achieving sustainable growth in the bakery industry (Indrawati, 2018). BreadTalk's distinctive brand positioning and innovative store concepts have resonated with consumers, while Tous les Jours' diverse product offerings have catered to evolving consumer preferences. These case studies provide valuable insights into the strategic approaches adopted by bakery companies to enhance market competitiveness and expand their customer base.

Corporate Social Responsibility (CSR)

Initiatives Sari Roti is committed to sustainable practices and community support initiatives. The company has implemented

several CSR programs aimed at environmental sustainability, such as reducing plastic use in packaging and adopting renewable energy sources in production. Additionally, Sari Roti supports local communities through initiatives like farmer development programs, which enhance local wheat farming capabilities and sustainability practices.

Market Expansion Strategies

In its efforts to expand market reach, Sari Roti has pursued both regional and international strategies. Regionally, the company has focused on penetrating new cities and rural areas within Indonesia, leveraging its robust distribution network. Internationally, Sari Roti has navigated diverse market landscapes, adapting its products to suit local preferences and regulatory requirements. Challenges in international markets include competition from established brands and logistical complexities.

Technological Innovation

Sari Roti maintains a competitive edge through continuous technological innovation. The company has invested in advanced production technologies to enhance efficiency and product quality. Innovations include automated baking processes and state-of-the-art packaging solutions, ensuring consistency and freshness across its product line.

Digital development and e-commerce:

1. **E-commerce Platform:** During the COVID-19 pandemic, Sari Roti expanded its presence in the e-commerce space by launching their official online store. This enabled consumers to order Sari Roti products directly from their website, increasing accessibility of their products across Indonesia.
2. **Digital Marketing Strategies:** Sari Roti has actively utilized digital marketing strategies to enhance brand awareness and consumer engagement. They have adopted targeted social media campaigns, partnerships with local influencers, and targeted online advertising to reach a wider market segment, especially digitally-connected younger generations.
3. **User Experience Optimization:** In efforts to improve the online customer experience, Sari Roti has revamped and refined their e-commerce platform. This includes improved website navigation,

more efficient checkout processes, and enhanced customer service to ensure a seamless and satisfying online shopping experience.

4. **Online Promotions and Discounts:** Sari Roti regularly offers special promotions and discounts for customers purchasing through their e-commerce platform. This not only boosts sales but also strengthens customer loyalty to the brand.
5. **Data Analytics and AI Utilization:** To enhance the effectiveness of their digital strategies, Sari Roti has begun leveraging data analytics and artificial intelligence (AI). They use consumer data to understand purchasing trends and consumer preferences, allowing them to tailor product offerings and marketing campaigns more precisely.

Consumer Behavior Analysis

Understanding consumer behavior is integral to Sari Roti's marketing strategy. The company analyzes trends in consumer preferences, particularly the growing demand for healthy and convenient food options in Indonesia. Insights from consumer behavior studies inform product development and marketing campaigns, ensuring alignment with evolving consumer needs.

Strategic Partnerships

Strategic partnerships play a vital role in Sari Roti's distribution and market expansion efforts. Collaborations with major suppliers, distributors, and retail chains strengthen its market presence and streamline distribution channels. These partnerships enable Sari Roti to reach a wider audience and respond effectively to market demand fluctuations.

Regulatory and Legal Landscape

Navigating regulatory frameworks is crucial for Sari Roti's operations. The company adheres to stringent food safety standards and environmental regulations to maintain product quality and safety. Compliance with local and international regulations ensures consumer trust and operational continuity amidst regulatory changes.

Future Outlook and Challenges

Looking ahead, Sari Roti faces various challenges and opportunities in the Indonesian bread industry. Key challenges include adapting to shifting consumer preferences, intensifying market competition, and navigating global economic uncertainties. However, the company remains optimistic about growth prospects, driven by innovation, strategic initiatives, and a resilient market strategy.

METHODOLOGY

This study employs a qualitative approach, utilizing a case study method to provide a comprehensive analysis of Sari Roti's business strategies and growth. Data collection methods included in-depth interviews with key company executives, providing firsthand insights into strategic decisions and operational practices. Additionally, a thorough analysis of company reports, financial statements, and other relevant documents was conducted to evaluate Sari Roti's performance and market positioning. The review of pertinent literature, including industry reports and academic studies, further contextualized the findings within broader business and marketing frameworks.

RESULTS AND DISCUSSION

Business Strategy

Sari Roti has implemented several key strategies to maintain its market leader position. These include continuous product innovation, an extensive distribution network, and effective marketing strategies. The company has introduced various new products to cater to different consumer preferences, such as whole wheat bread and filled bread (Sari Roti, 2020). Additionally, Sari Roti has leveraged digital marketing platforms to enhance brand visibility and engage with a broader audience. Social media campaigns, influencer partnerships, and targeted online advertisements have played a crucial role in reaching younger consumers and driving online sales.

Strategic Initiatives

Sari Roti has implemented several strategic initiatives to consolidate its market leadership position in the Indonesian bread industry. Key initiatives include continuous investment in research and development to drive product innovation and diversification, expansion of its distribution network to enhance market accessibility, and adoption of digital marketing strategies to augment brand visibility and consumer engagement (Sari Roti, 2020). The company's proactive approach to identifying and responding to consumer trends has enabled it to introduce new products that resonate with evolving preferences, such as healthier and convenience-oriented options. Furthermore, Sari Roti has forged strategic partnerships with key stakeholders, including suppliers, distributors, and retailers, to strengthen its market presence and optimize operational efficiencies.

Financial Performance

Sari Roti has demonstrated robust financial performance despite economic fluctuations and challenges posed by the COVID-19 pandemic. The company's revenue growth trajectory reflects its effective market strategies and operational resilience. By diversifying its product portfolio and expanding its distribution channels, Sari Roti has mitigated risks associated with market volatility and consumer demand shifts. The company's financial stability is further underscored by its prudent financial management practices and proactive risk mitigation strategies, positioning it favorably within the competitive landscape of the bakery industry (Sari Roti, 2021).

Impact of COVID-19

The COVID-19 pandemic presented unprecedented challenges for Sari Roti, requiring the company to adapt swiftly to changing market dynamics and consumer behavior. Amidst mobility restrictions and shifts in consumer preferences towards essential goods, Sari Roti leveraged its digital capabilities to bolster online sales channels and introduce new product offerings tailored to emerging consumer needs (Sari Roti, 2021). The pandemic underscored the importance of agility and resilience in business operations, prompting Sari Roti to recalibrate its strategies to ensure continuity and sustain market competitiveness.

SWOT Analysis

A SWOT analysis of Sari Roti highlights the company's strengths, weaknesses, opportunities, and threats within the Indonesian bread industry. Strengths include a strong brand reputation, extensive distribution network, and robust product innovation capabilities. Weaknesses encompass dependency on external suppliers and vulnerability to market fluctuations. Opportunities include expanding market reach through regional and international expansion, while threats involve intense competition and regulatory challenges (Sari Roti, 2022).

Data Analysis and AI Utilization by Sari Roti

1. **Data Analysis:** Sari Roti uses data analysis to collect, analyze, and understand information related to consumer behavior and market trends. They gather data from various sources, including their e-commerce platform, social media, and customer surveys. This data is used to evaluate product performance, understand consumer preferences, and identify new market opportunities.
2. **AI Utilization for Personalization:** Sari Roti leverages artificial intelligence for consumer experience personalization. They use AI algorithms to analyze consumer purchasing patterns, enabling them to offer more relevant product recommendations and tailor marketing communications according to individual preferences.
3. **Demand Prediction:** Through machine learning techniques, Sari Roti can forecast product demand across different markets. This helps them plan production more efficiently and optimize supply chains, reducing the risk of stockouts or excess inventory.
4. **Inventory Optimization:** AI is employed by Sari Roti to optimize their inventory management. They utilize predictive models to estimate inventory needs based on historical data, seasonal factors, and other variables. This helps them manage inventory more efficiently and reduce operational costs.
5. **Consumer Sentiment Analysis:** Sari Roti uses AI technology to analyze consumer sentiment from social media data and product reviews. This allows them to gain deeper insights into consumer feedback and respond to issues or concerns more swiftly and accurately.

CONCLUSION

In conclusion, this study provides a comprehensive analysis of PT Nippon Indosari Corpindo Tbk's business strategy and growth trajectory within the Indonesian bread industry. By examining key elements such as marketing strategies, financial performance, and strategic initiatives, the research underscores Sari Roti's resilience and market leadership. Despite challenges posed by economic fluctuations and the COVID-19 pandemic, Sari Roti has maintained its competitive edge through continuous innovation, strategic partnerships, and proactive market strategies. Moving forward, the company is well-positioned to capitalize on emerging opportunities and navigate industry challenges, leveraging its strong brand equity and operational capabilities to sustain growth and profitability.

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