

Chapter 1

Research Background

This research is conducted mainly using interview with three expertises in the field of food and beverages in the Indonesian market, also there are some explanation on related to several things about Internationalization, Small medium enterprises, Emerging market, also more specifically on the Indonesia as an emerging market.

Therefore, there will be provided several supporting theoretical framework to support and justify the argument which related to the Uppsala model, PESTEL analysis, Porter 5 forces, marketing mix 4P's (Product, Place, Promotion and Price).

Again, while the main and primary data collection on the research will be acquire through open ended interview with several expertise in the field of food and beverages industry for the Indonesian market, and also through secondary research in which use to formulate the questionnaire for the primary research (interview).

Problem Statement

How the Germany based Food & Beverages Company which called Frittenwerk could expand their business activity in emerging market which located to specified country in Indonesia, what are the challenges and opportunity that the company will face in Indonesian market?

Because they are going for Internationalization process to different market in a different country in which will be very different in comparison to the location that they are currently operating (Germany). In consequence, there will be a lot of obstacle related to differences in terms of culture, political, environment, social, lifestyle, legal and other in which will become a problem while conducting the business. Also on how to overcome these obstacles where they will face in the business environment.

Research Question

How Frittenwerk Company could expand their business operation in Indonesia?

Objective of the study

Is to investigate on how this Germany based food & beverages company could expand their business operation to Indonesian market in which considered as an attractive and promising emerging market, while emerging market itself could be describe as “low-income, rapid-growth countries using economic liberalization as their primary engine of growth” (Hoskisson et. al., 2000, p.249). In spite of the scene of the global competition is dominated with multinational firms from developed countries, but actually a lot of company from emerging markets is joining the competition since 1990s until the present days. And through the influence of many company joining the emerging market it is impacted to the result of the academic interest in the multicultural firms from the developing worlds, labeled as a latecomers or third world companies (Guillén & García-Canal, 2009; Mathews, 2002) the company is developing really fast rate while also purchasing the business in developed countries.