

Chapter 5

Discussion

Back to the problem statement of the research again on what are the challenges and obstacle for Frittenwerk Company while doing the process of Internationalization into another market (Indonesian Market).

Basically based on several assessment related the Internationalization of this food and beverages company which is based in Germany to the Indonesian market, on the industry itself it is classified as one of the most growing industries with some innovativeness and uniqueness in terms of the product, but also it is understandable that there are a lot of competition in the Indonesian food and beverages industry, where it is depends on the target segmented that from the Low to mid target segment is dominating but actually on the mid to high target segment also classified as big.

Related to the entry barriers, there are some difficulties on foreign company to enter the Indonesian market as there are multiple regulations + rules and rigid process on the bureaucracy while actually the governments are trying to eliminate some barriers but it feels that it is not very significant. One of the government actions is actually related to the Tax amnesty and associate to The PESTEL analysis on the political side, that government intention is to make a transparent taxation in the Indonesian market that they already generate \$12 billion in terms of revenue from the tax amnesty. Also it is conclude that the ease of doing business is not very easy due to barriers which explain above but despite some difficulties, there are some improvements in comparison from previous years.

One of the most important things is also related to place as crucial factor on doing the business because to determine the right place, the target segment which live in that region is really crucial to be understand, therefore in this case one of the most preferable place would be in the Capital (Jakarta) because it is really suitable and fit with the targeted segmented, Jakarta itself is one of the most developed city in Indonesia where there are big demands, needs and wants for this kind of product and also they are able to purchase it. Another city which should be considered is Bali, because as the most touristic city in Indonesia, it will be fit with the taste of foreign people which visit the city. And basically these 2 city are recommended for the Frittenwerk company to conduct their business operation as the target segment in that area have the purchasing power in order to buy the product.

Another important factor is related to the price. where in the Marketing Mix 4P's, price is very important as it could be mark up or down and it is something which is lead to competition with the competitors also on the porter 5 forces Price has been one of the element which is determine the rivalry among competitors, so in this case with chosen target segment of people

with middle to high income, therefore the suitable price for this product should be start from Rp 35.000.00 (equivalent to EUR) to Rp 60.000.00 (equivalent to Rp).

Continue to the entry mode, Joint Ventures should be implemented as the companies will possible have a local partner. On the Uppsala model it is describe on how company could success on acquire knowledge and learning while doing the process of Internationalization, while also lack of knowledge and information as major obstacle. Through Joint Ventures with local companies they will have more information and knowledge on how to deal with the local business environment while operating in this unfamiliar country in another region.

Also it is considered to be very important for the company to have cooperation with online platform order as it is broadening the market and reaching more buyers, but also interestingly in the Technology sector in the PESTEL analysis, there are big increases in terms of the user of internet in Indonesia and the technology is rapidly growing. And product adaptation should also implemented as customer still feel the local taste but it is also important for the company to maintain their original taste of the product, and in this case also relate to the Marketing Mix 4P's on the product segment the where could transforming / adapt the product depends on the different country / market.

Halal certification is also necessary and considered to be one of the most important factor to implement as we understand based on the demographic Indonesia is a country with more than 85% of the population are Muslim, so it is definitely a game changer as the company is adapting with the buying behavior of the people as Muslim people in Indonesia have a very strict and selective towards their food preferences.

On the promotion segment it will be effective to implement social media as the main tool for this company while operating the business in Indonesia, because according to one of the expertise Rifkie Rama "most people spent approximately 7 hours / days in for social media" while also it is align with the theory of social media marketing above that states "a pattern of direct or indirect way in which creating an awareness towards their target audience".

Conclusion

In the conclusion, is it definitely the right time for this German based food and beverages company to conduct their business to Indonesia which is classified as an emerging market, despite there are some challenges and obstacle that they will face, but if they have a good cooperation through Joint venture with local partner, Standard operating procedures, effective way of marketing strategy, understand the business environment and others there will be solution in order to overcome these challenges and have as much opportunity as possible.

Limitations

There are several limitations of doing this research, as it is really important to choose the right expertise on the food and beverages industry. Where also it is not easy to contact the expertise's for getting their permission and willingness for helping the research by providing relevant and accurate answer to some questions on the research.

Recommendations

On the part of recommendation, it will be more challenging for the next researcher to conduct this type of Internationalization research as the trends are changing every year, for the example these days there is a major accelerate on related to technologies so the company could use it as an advantages on the online order platform and more significantly on the social media factors