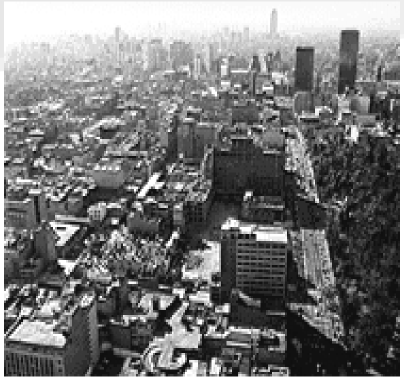
MAPPING – BENCHMARKING

Dairy & Beverage Market Opportunity versi

TETRAPAK

Key Trends



Urbanization

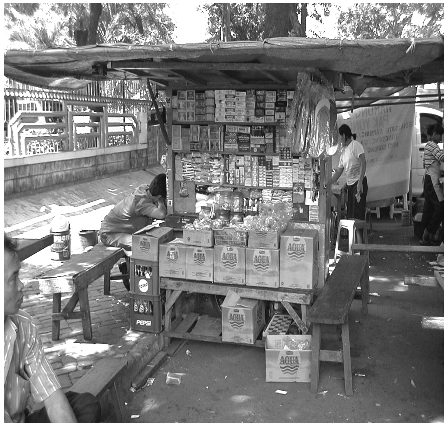
50% population will live in big cities

Cost Consciousness

Affordability and convenience

Health

Looking for value of quality and freshness



Fragmented Distribution

Available and accessible at both traditional and modern outlets

Indonesia

15 Million A & B Consumers

210 Million C, D & E Consumers

A & B

AND

C & D
Consumers

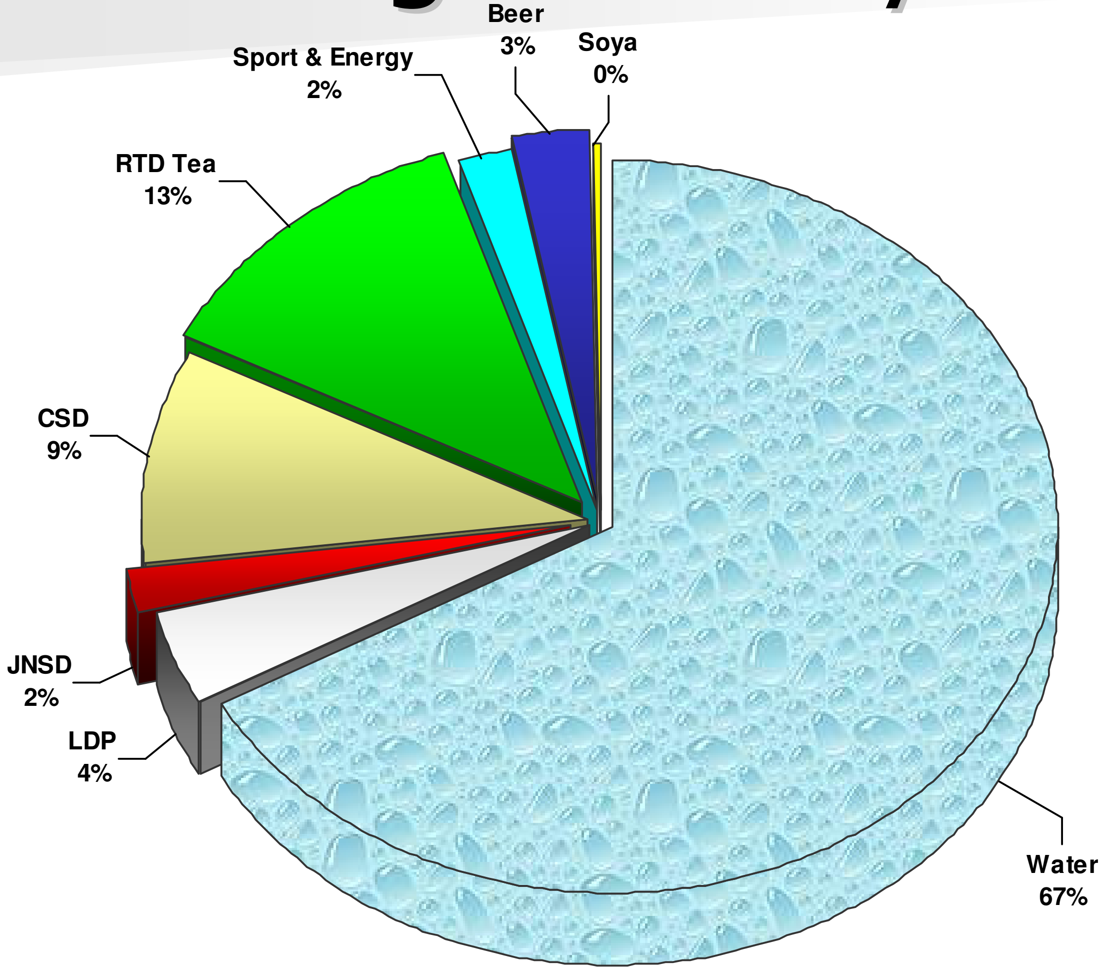
Modern

AND

Traditional
Trade

Premium, Value
AND
Emerging
Portfolio

Indonesia
Packaged Ready To Drink 2003



Consumption in million liter (exclude powder, concentrate, syrup and bulk)

Water	3,585.7
Liquid Dairy Product	215.1
JNSD	108.3
CSD	507.3
RTD Tea	672.3
Sport & Energy	109.2
Beer	146.8
Soya	10.3
Total 2003	**5,355.0**

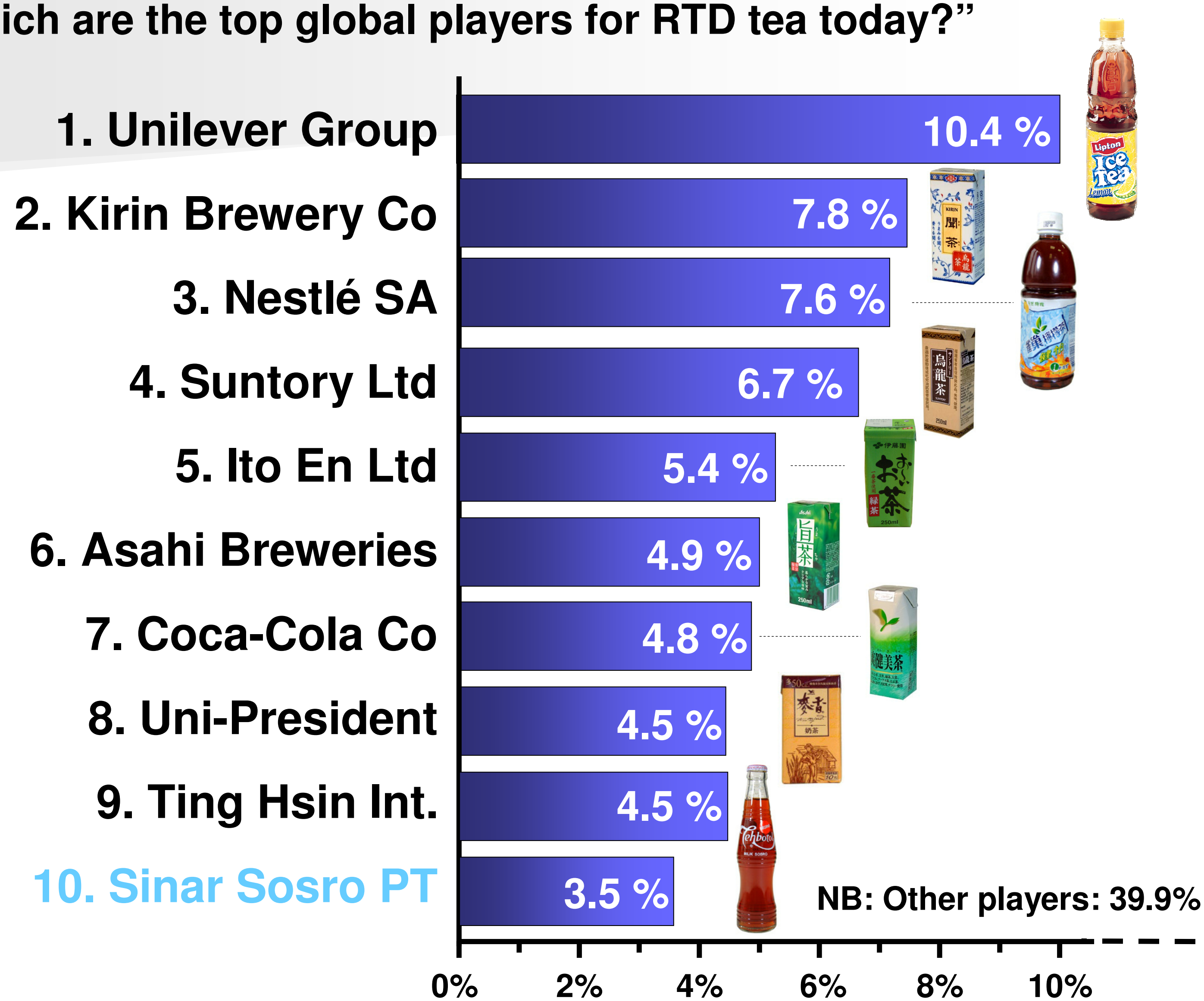
Source : Tetra Compass 2004

Growth Platforms

Safety Health Nutrition	**HEALTH GROWTH PLATFORM**	• Basic quality • Functional benefits • Nutritional benefits • Branding
Urbanization Mobility	**ON-THE-GO GROWTH PLATFORM**	• **Availability** • Ambient products • Traditional trade • Infrastructure • Branding
Big and Young Population	**KIDS GROWTH PLATFORM**	• **Attractiveness** • Impulse purchase • Fun elements • Branding

Players in RTD tea category

"Which are the top global players for RTD tea today?"



1/ Global IKAM 2/ Regional IKAM

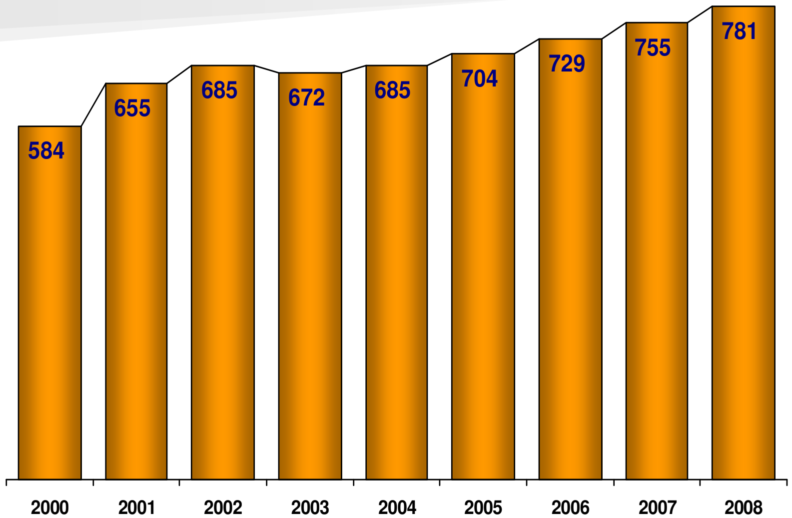
Source: Euromonitor IMIS 2000

What trigger Indonesian Consumer to consume RTD Tea?

- Refreshing
- Affordable
- Non carbonated
- Drinking habit
- Thirst quencher
- Availability
- Generic product

Tea Drinks Opportunities & Challenges

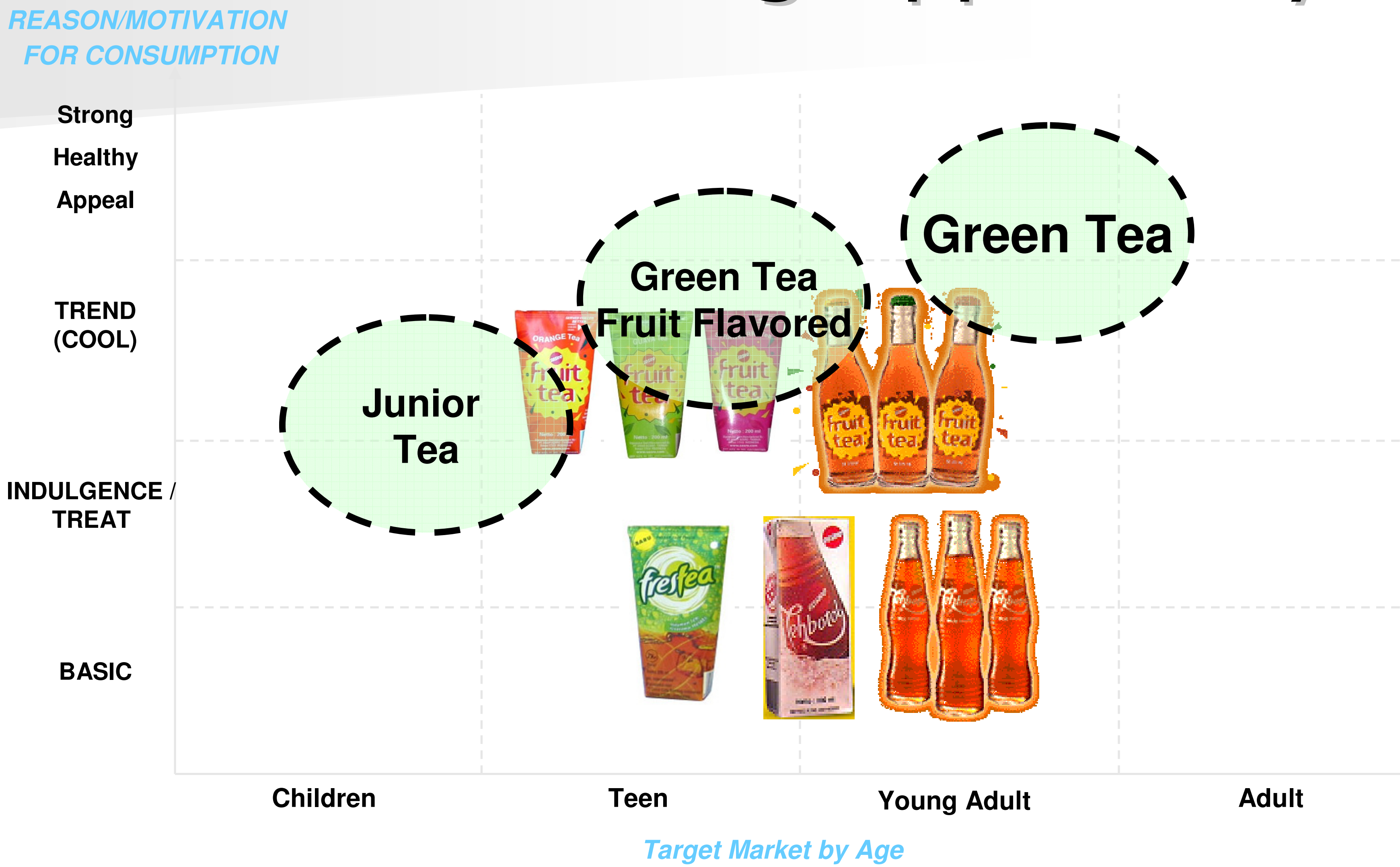
Category Size (mio litres)



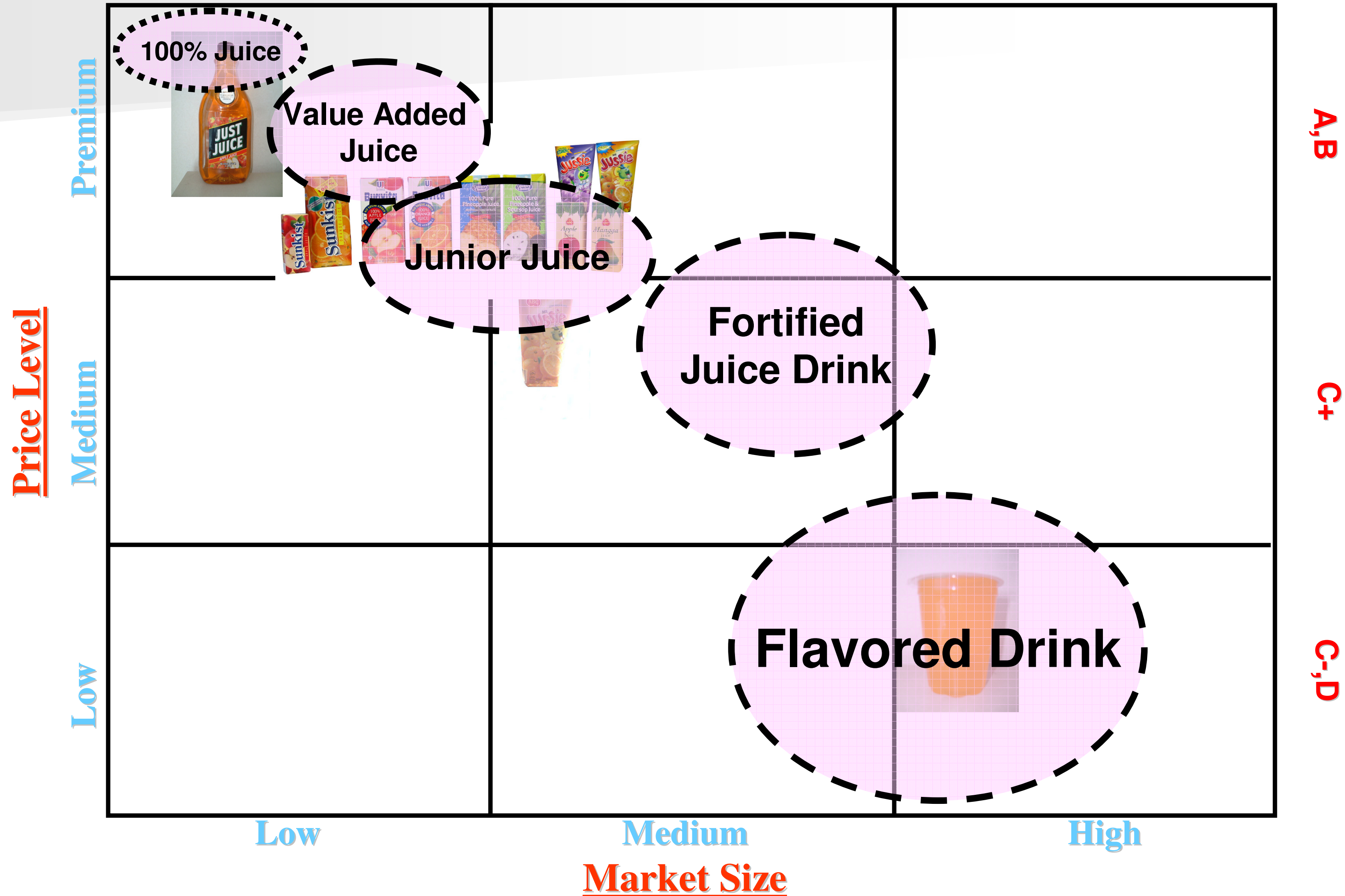
Category drivers and opportunities

- **Segment expected to reach 781 mio liter in 2008, driven mostly by Sosro, followed by Coke & Pepsi.**
- **Growing segment & healthy competition.**
- **Modern Trade drive one way pack penetration.**
- **Moisture tolerant pack can enter traditional trade.**

Product Positioning Opportunity



RTD JNSD Mapping



Understanding

Indonesian Consumers

in the

Soya Bean Milk Market

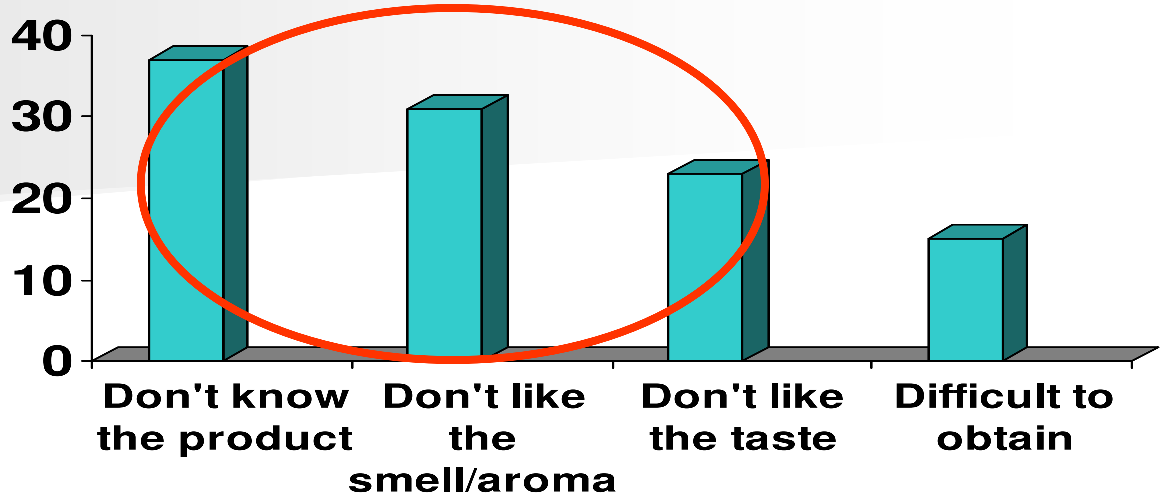
Qualitative = 2 FGD

Quantitative = 507 interview

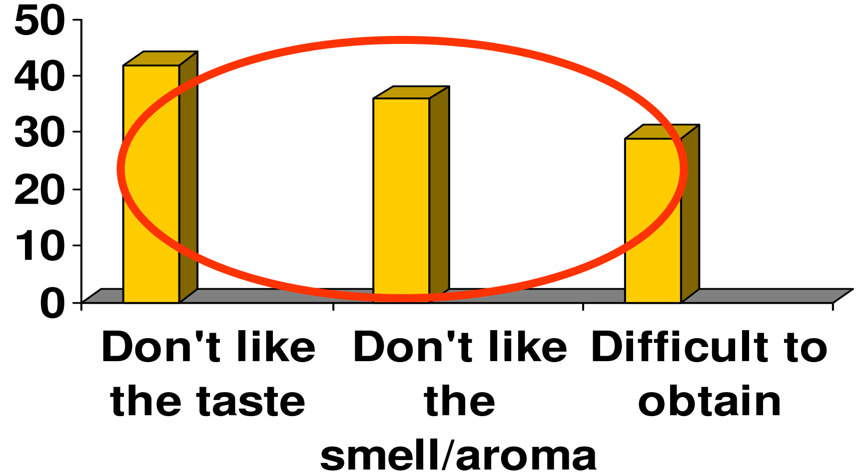
2002

TAYLOR NELSON SOFRES

Indonesian Consumer :
Reason for never drink Soya Milk at all



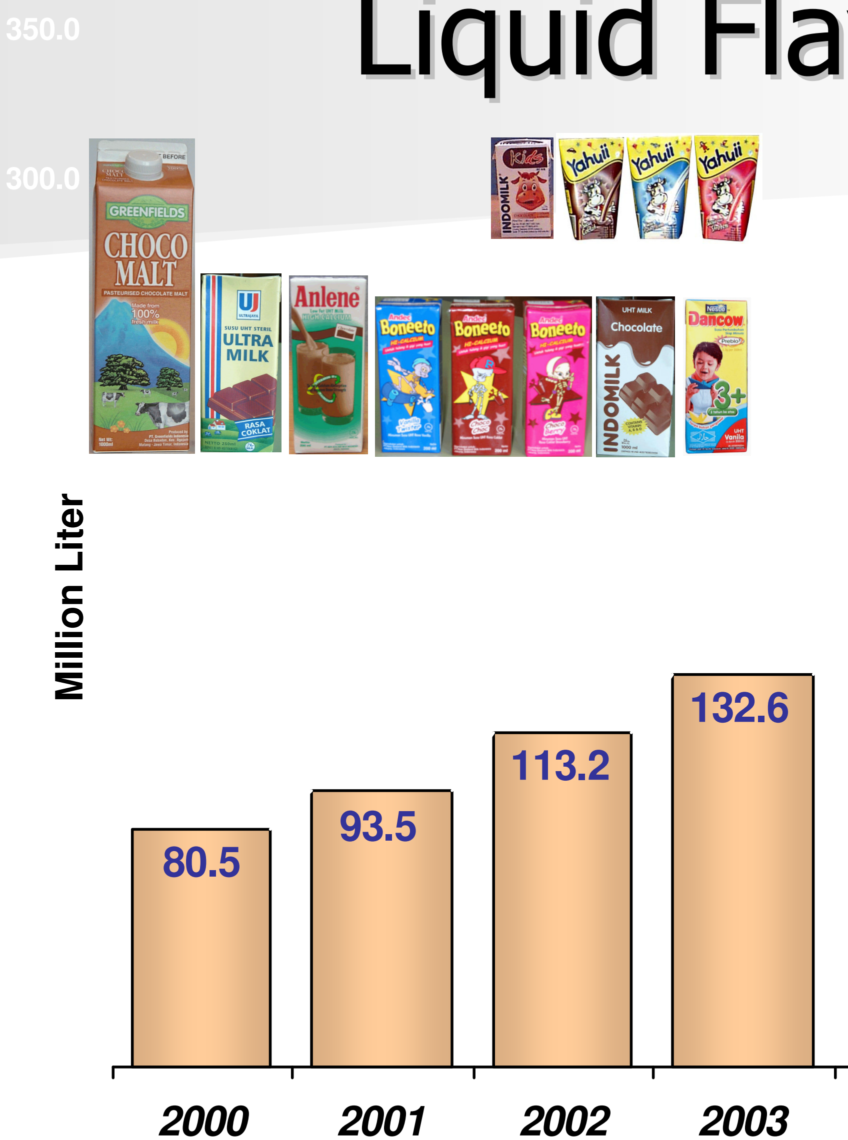
Indonesian Consumer :
Reason for not drinking Soya Milk in the past 1 month



Soya Mapping

	Premium	Affordable
Health Traditional	Fortified Plain Soya	Plain Soya in TCA/TFA (Distribution driven)
Health Refreshment	Modern Flavored Soya	Flavored Soya in TCA/TFA (Distribution driven)

Liquid Flavored Milk

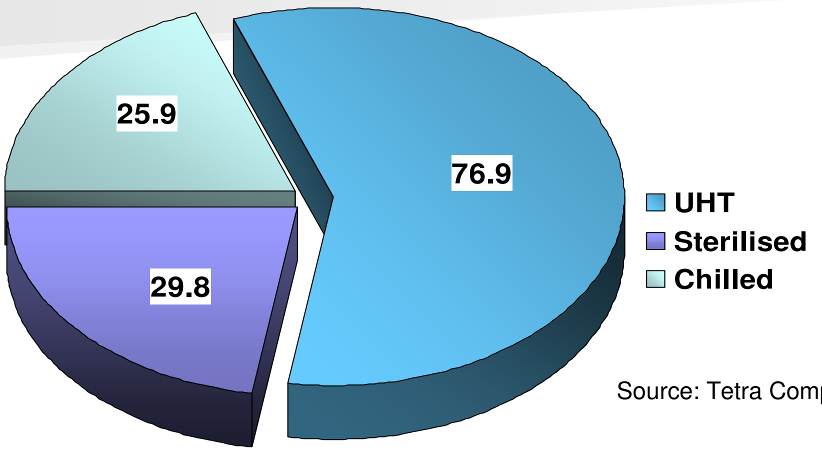


Source: Tetra Compass 2004

- The market is expanding at 18% p.a
- More segmentation and value added milk had been introduced, extension from powder milk
- Mostly packed in portion size, interestingly smaller kiddy pack (in 125 ml) becoming popular
- Chocolate is still the most popular flavor, followed by strawberry
- Increased penetration of affordable milk for lower segment including school feeding program
- Intensive marketing campaign toward the nutritious and convenience

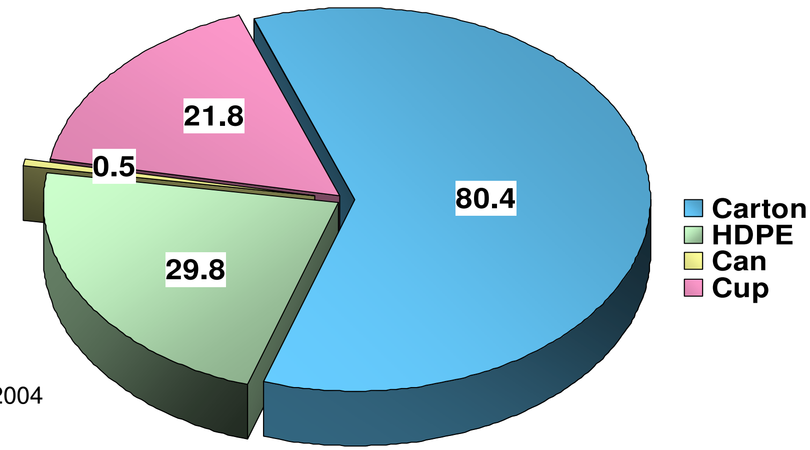
Liquid Flavored Milk

Consumption 2003 By Process



Source: Tetra Compass 2004

Consumption 2003 By Packaging



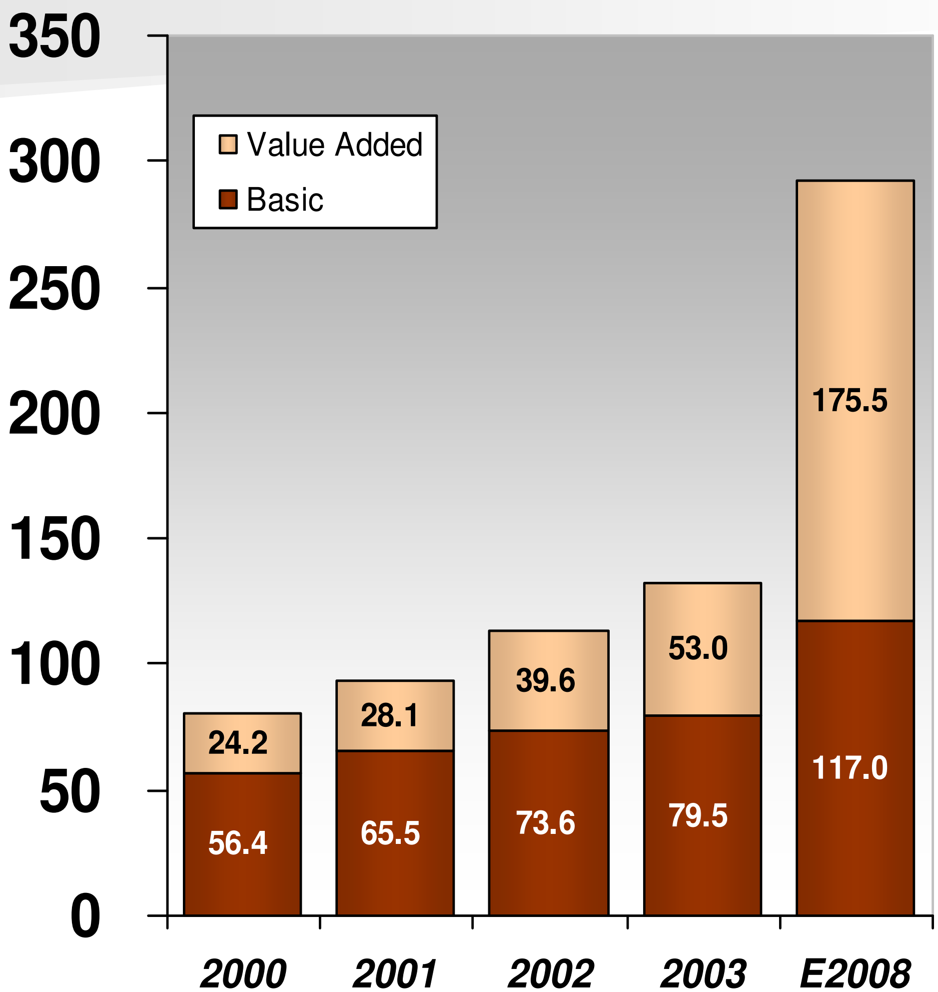
The Drivers

- Mainly considered as "beverage" milk, but increasing volume of GUM and value added milk
- UHT growing at around 18% mainly targeted to children
- Chilled segment is mostly supplied by the milk cooperatives through direct distribution (low cost & low quality)
- Sterilised milk is expanding due to higher penetration to traditional trades

The Packaging Drivers

- Carton continues lead the market mainly in 200 ml size
- HDPE is gaining the share through distribution driven by 2 big players
- Plastic cup in chilled form mainly being used by few milk cooperatives for direct distribution targeted to lower income

Liquid Flavored Milk

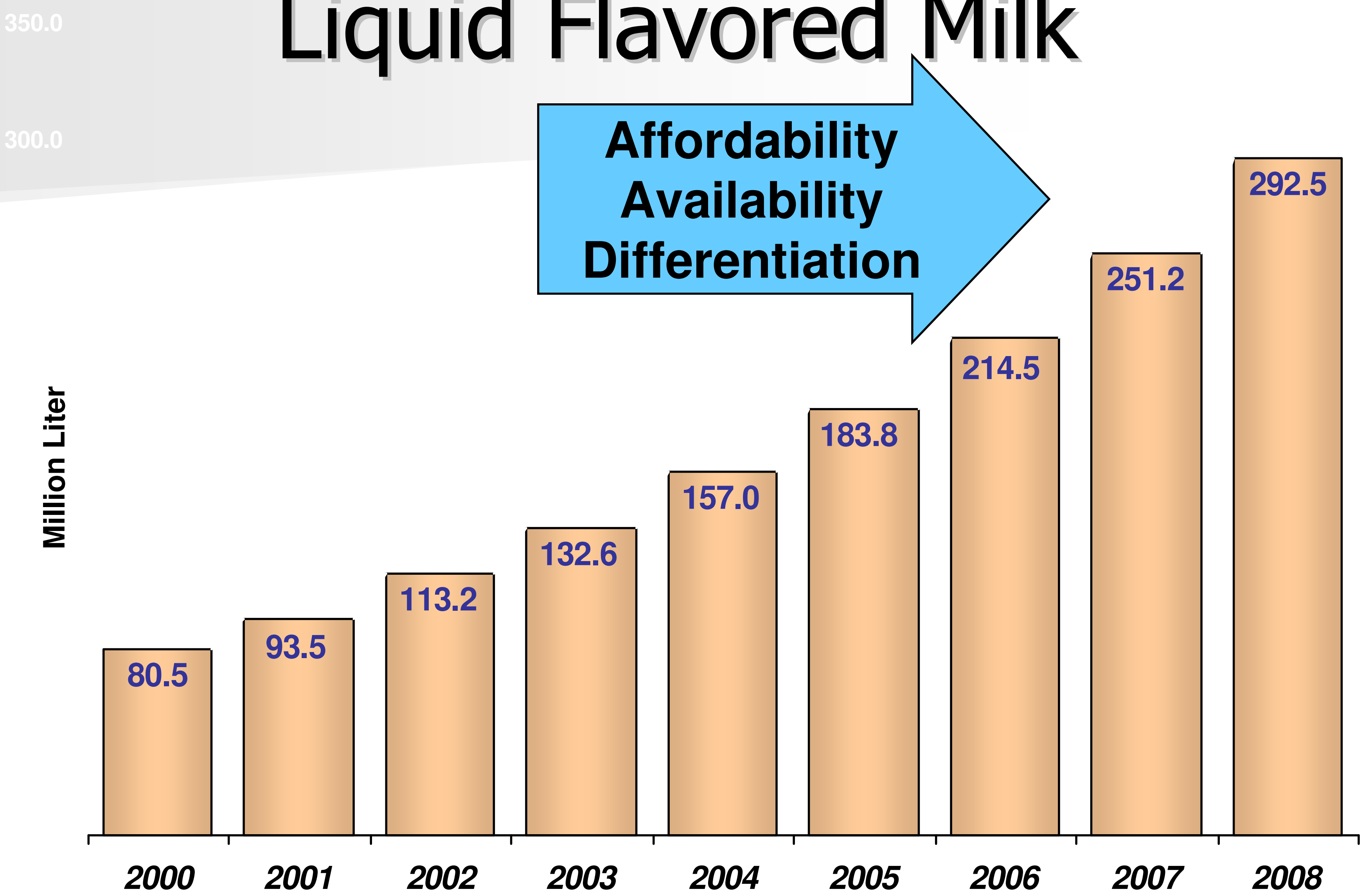


Source: Tetra Compass 2004

Dynamic of Value Added Milk

- Fortification and product enrichment are strongly expanding
- More segmented products targeted to different age group
- Stronger pace of extending the GUM powder into liquid
- Dominated by portion pack (125 and 200 ml) and chocolate flavor
- Higher penetration into rural areas through traditional trades

Liquid Flavored Milk

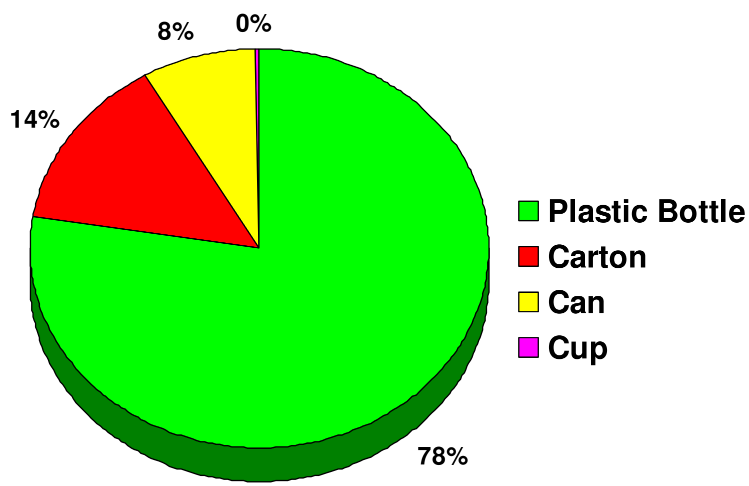


Source: Tetra Compass 2004

Liquid Cultured Milk

Leading Brands

- Yakult (Yakult)
- Calpico (Ajinomoto Calpis)
- Nice (Indomilk)
- Vitacharm (Orang Tua)



Market Drivers

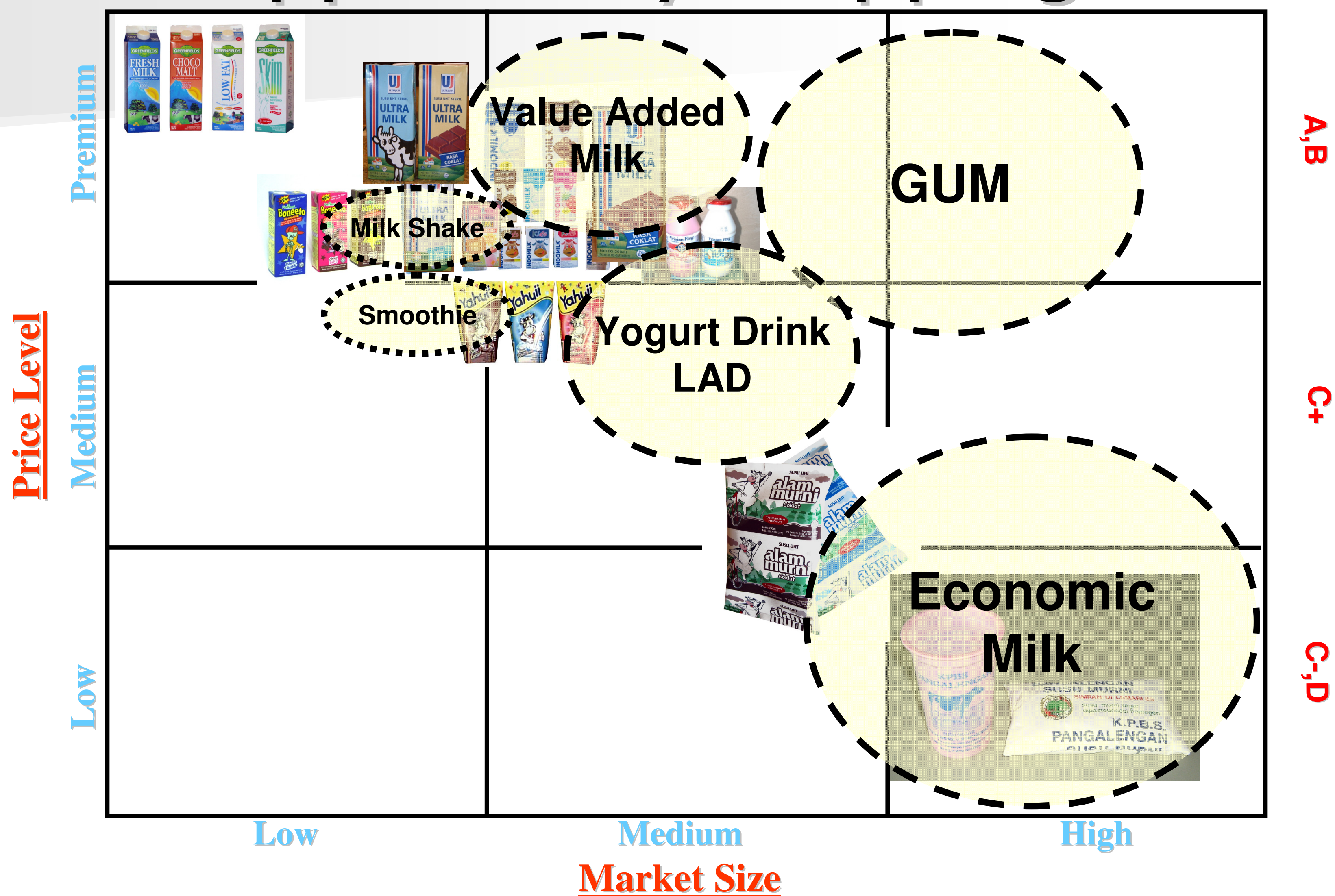
- Going toward the functional drink
- Chilled will continue to grow
- Increased penetration of direct selling
- New players in ambient segment

Packaging Drivers

- Plastic bottle still dominates the category in chilled distribution
- Carton is increasing for ambient

Product Positioning Opportunity

Opportunity Mapping



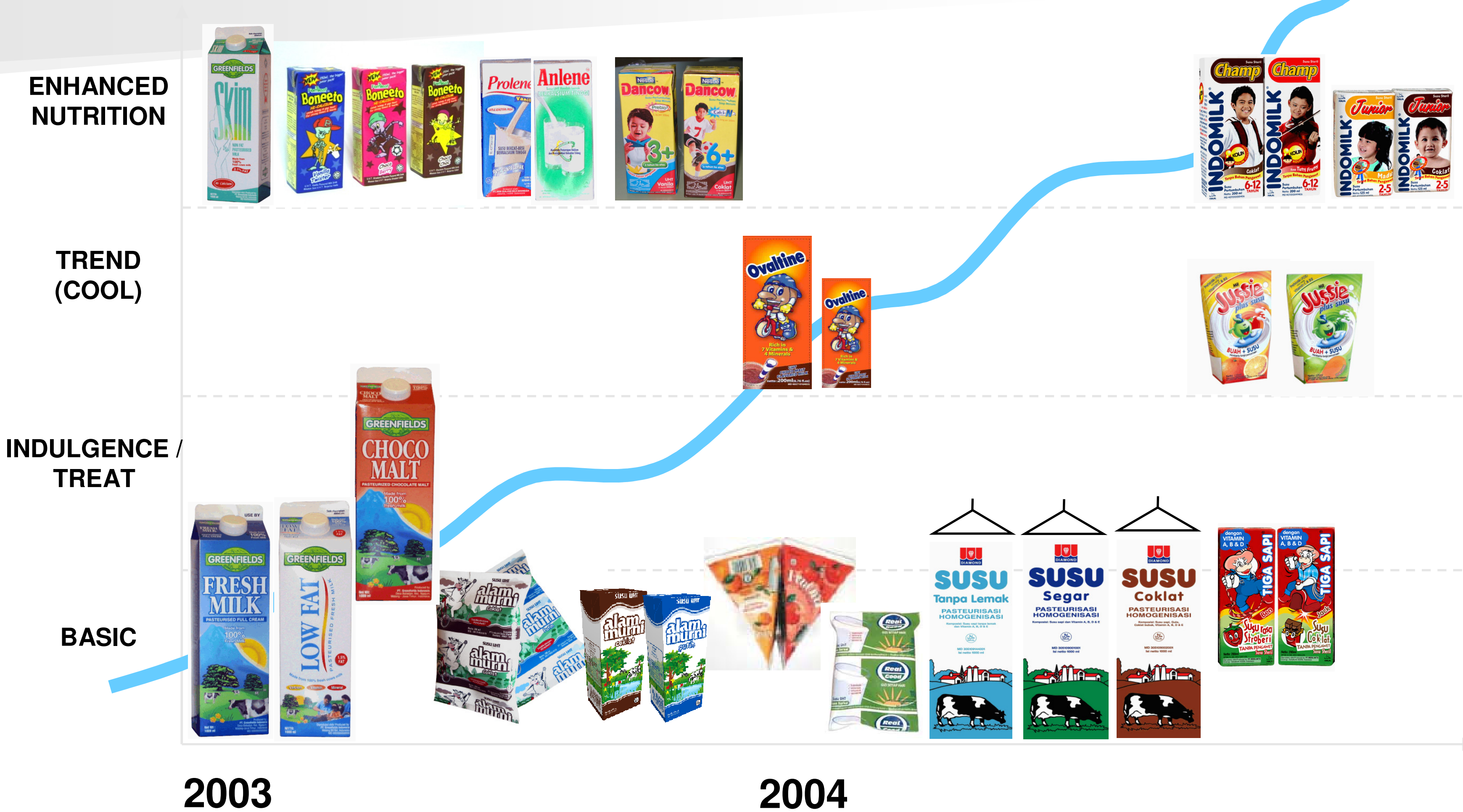
RTD Dairy - Target of Opportunity

Growing Up Milk (GUM) or Junior Milk
- Nutritional
- 3-10 year old
- Full cream & flavored
- Mother influencing

Teenager Milk
- Healthy treat
- 11-17 year old
- Being unique and fun
- "Active" positioning
- Independent

Young and Adult Milk
- Value added
- Good start for the day
- Seek convenience
- Premium = Value for money

Market Dynamic 2003-2004



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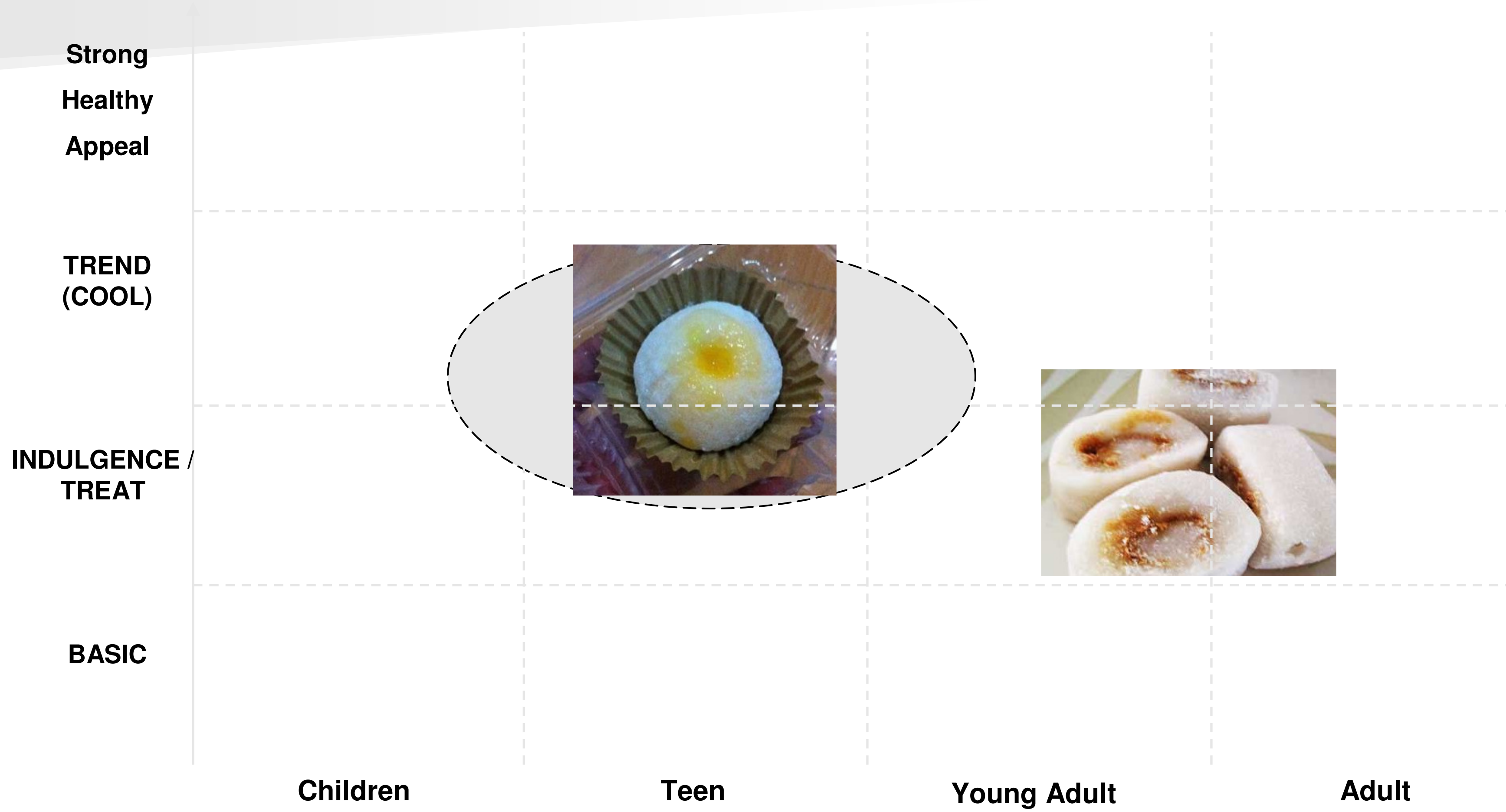


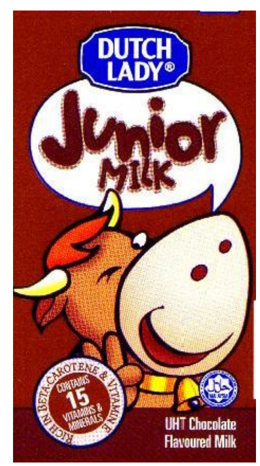
Strong
Healthy
Appeal
TREND
(COOL)
INDULGENCE /
TREAT
BASIC
Children
Teen
Young Adult
Adult

Permen Enting-Enting

PRODUCT CONCEPT (DEFINITION)

Product Concept – Children Milk

- **Product: Growing Up Milk**
- **Target market: 4-8 years (A&B class)**
- **Flavors: Plain, Vanilla, Chocolate, Strawberry, Honey**
- **Distribution: modern trades, provisional shops, school canteen**
- **Price: IDR 1,200 - 2,000 per pack**
- **Package: TBA125S and/or TBA 200S**
- **Lifestyle and emotional value:**
  - **Exciting and unique taste experience**
  - **Fun, cool and trendy**
  - **Truly satisfying, anytime, anywhere**

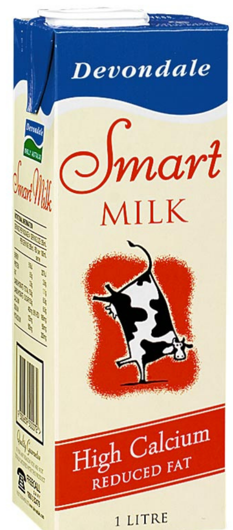


Product Concept – Teen Milk

- **Product: Teenager Milk**
- **Target market: 10-17 years (A&B class)**
- **Flavors: Chocolate, choco malt, fruit based, yogurt drink**
- **Distribution: modern trades, provisional shops, sport complex**
- **Price: IDR 1,500 - 2,500 per pack**
- **Package: TBA 200S or TBA 250S**
- **Lifestyle and emotional value:**
  - **New indulgence experience**
  - **The milk I can enjoy**
  - **Convenience for on the move**

Product Concept – Adult Milk

- Product: Young and adult Milk
- Target market: >20 years (A&B class)
- Flavors: Plain, chocolate, yogurt
- Distribution: modern trades, provisional shops, convenience stores
- Price: IDR 2,500 – 3,000 per pack
- Package: TBA 250S or TBA 1000S
- Lifestyle and emotional value:
  - Contemporary
  - Maintaining good efficiency
  - Restoring vitality
  - “Enjoy my life”



Low Cost Milk

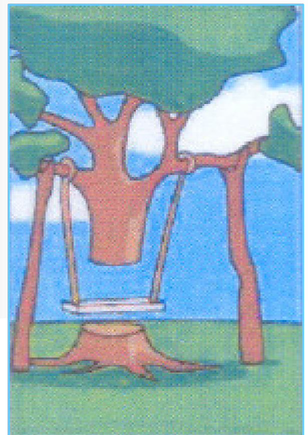
- Economical Milk
  - White Milk
  - Flavored/Sweetened Milk
- Target Segment: SES B & C
  - Children
  - Mother (decision/action)
- Distribution
  - Traditional, Modern
  - Direct Distribution
- Pricing:
  - Rp. 1,100 (between cups & TBA 200 S)
- Packaging: TFA 180/200 ml with Straw Hole

PENGEMBANGAN PRODUK versi

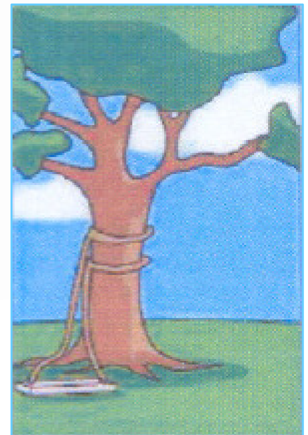
NESTLE

Researchers recommendation

Marketing's take out.

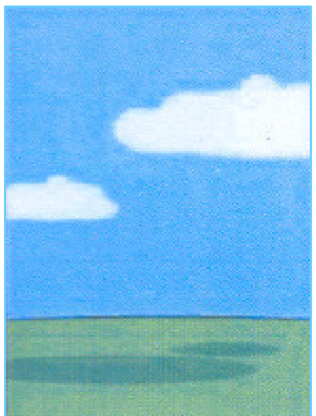


Technical Brief

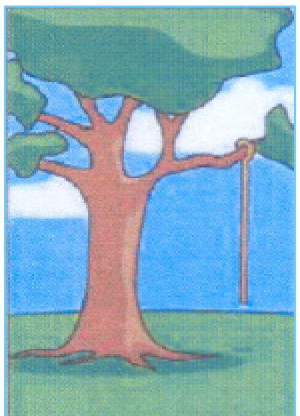


What Management approved

Promised to the trade

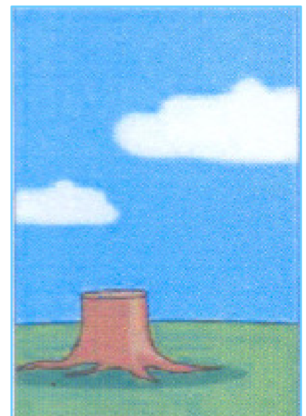


After it's been through legal

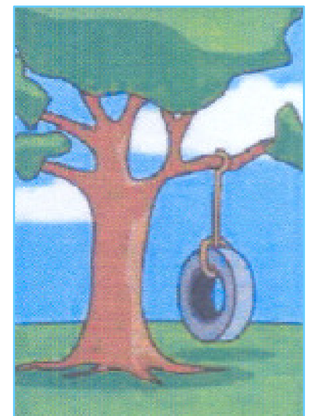


What the factory came up with

What the agency billed us for



How it was supported



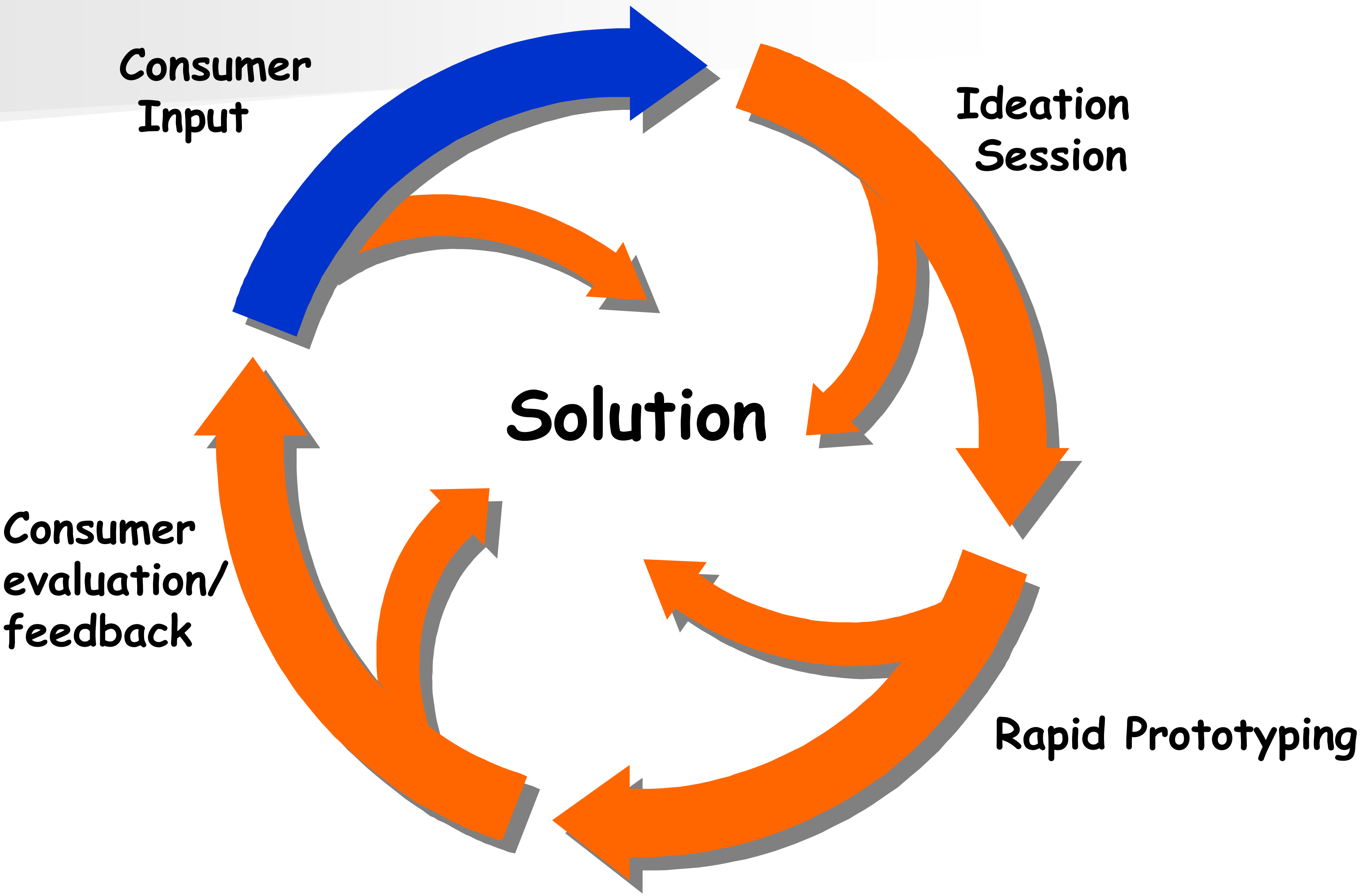
What the consumer really needed….

Innovation Process

A Concept for Creative Product/Packaging Solutions

What is it?

It is an organized process for the idea generation and conceptualization of product/packaging innovations combining Consumer input, Ideation and Product/Package prototyping resulting in a creative/innovative solution in a short period of time.

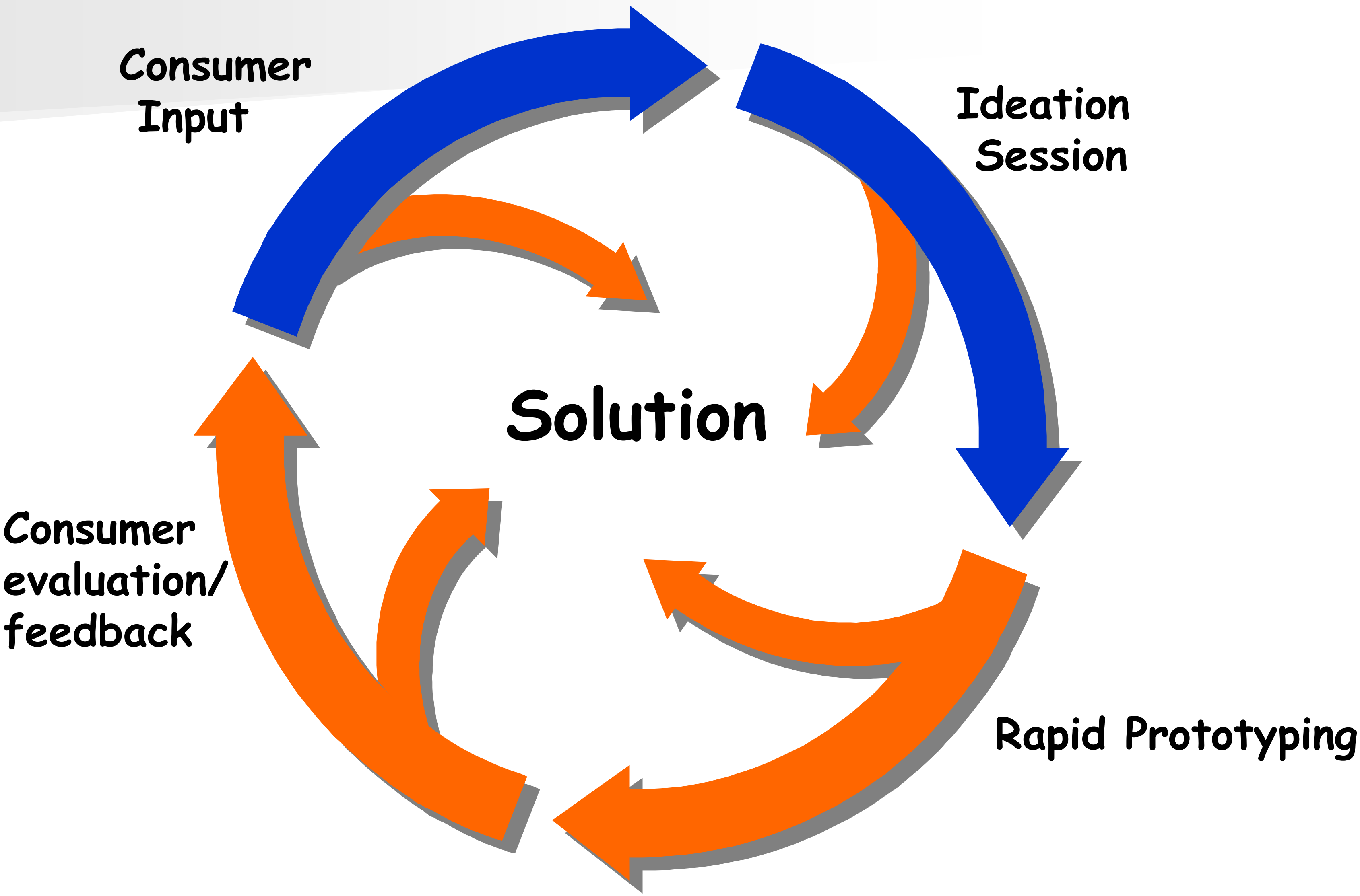

Consumer Input
Ideation Session
Solution
Rapid Prototyping
Consumer evaluation/ feedback

Consumer Input

- Consumer complaints
- Focus groups
- In-home testing
- Previous consumer research
- Other sources

Consumer Research

•The overall shape of the NesQuik package does not warrant a re-design. The shape is ergonomically friendly and it is easy to store.
•The closure on the NesQuik package can be optimized. Opportunity areas for improvement include:
▪A one-piece, flip-top lid; some consumers consider the current lid to be too difficult to remove.
▪The lid should close with an audible "click"; this enhances freshness perceptions.
▪Pouring is an appealing option for many consumers, but it should not replace spooning. Some consumers prefer spooning, since it is less messy and gives the product user, especially children, better control of dosing. The ideal closure would offer consumers the option of spooning or pouring.
▪There is little interest in lid mechanisms that provide a pre-measured serving of NesQuik. Most consumers want to "customize' the amount of NesQuik that they use to prepare chocolate milk for themselves and their children.
•Consider increasing the rigidity of the walls of the NesQuik package. Some consumers claimed that when they squeezed the package, powder leaked out from under the lid.
•The inclusion of a scoop in the package is a "nice to have", but not essential. It would probably not justify a higher price.
•Do not pursue package options that provide "play value" as a reusability option. "Play value" does not appear to be a relevant benefit for consumers. Also, the options shown to consumers (i.e.,buckets, building blocks) had ergonomic disadvantages which outweighed and potential child appeal.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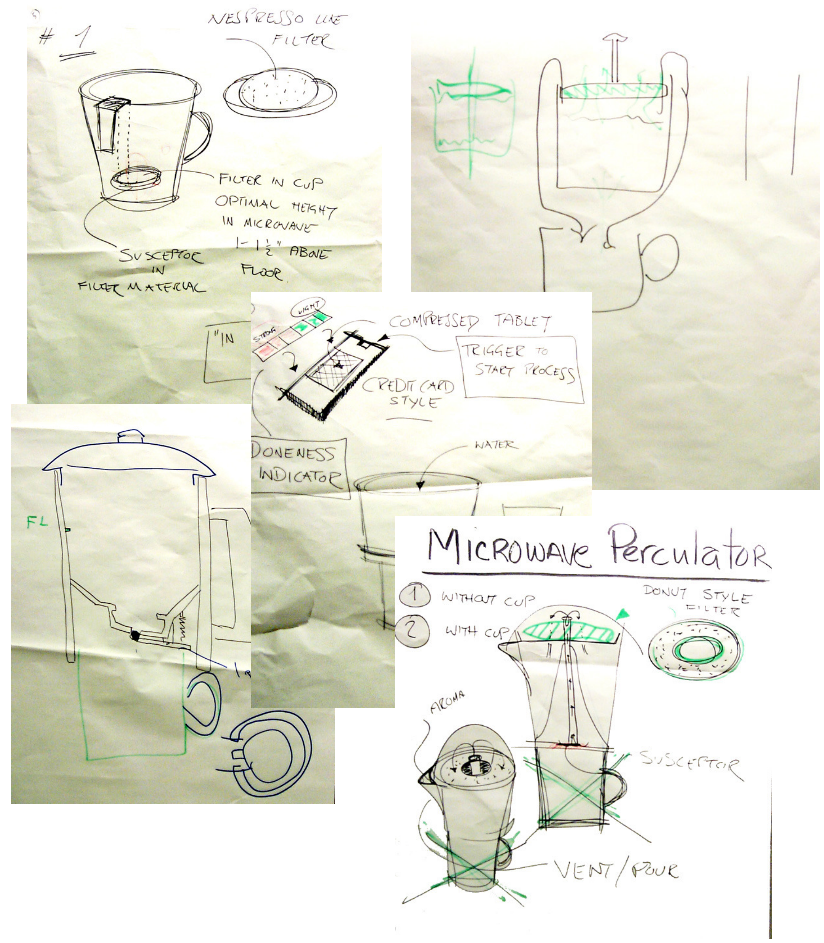
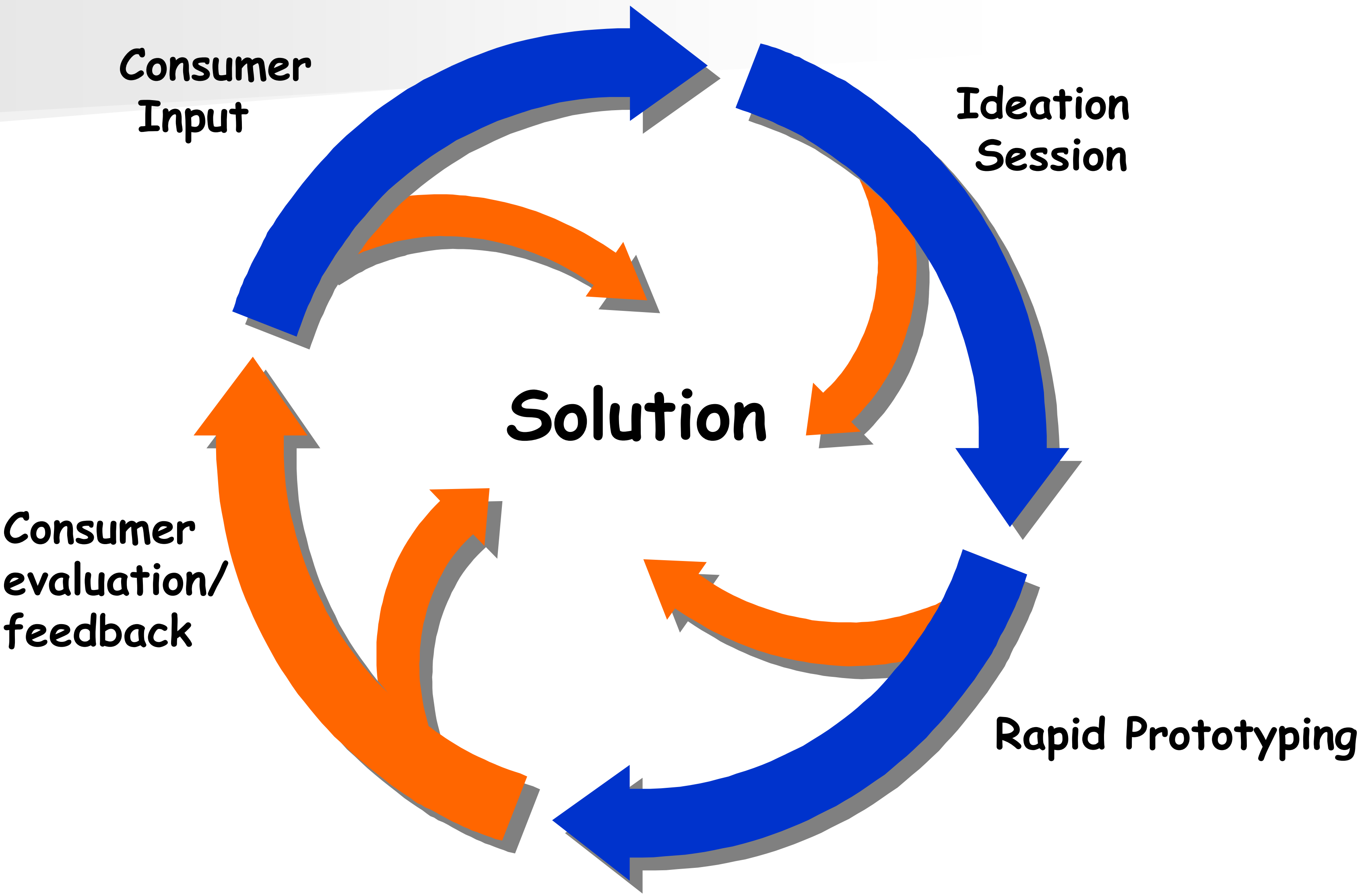
Ideation/Brainstorming

- Identify Goal/Wish/ Challenge
- Gather Data
- Clarify the Problem
- Generate Ideas
- Select & Strengthen Solutions
- Plan for Action

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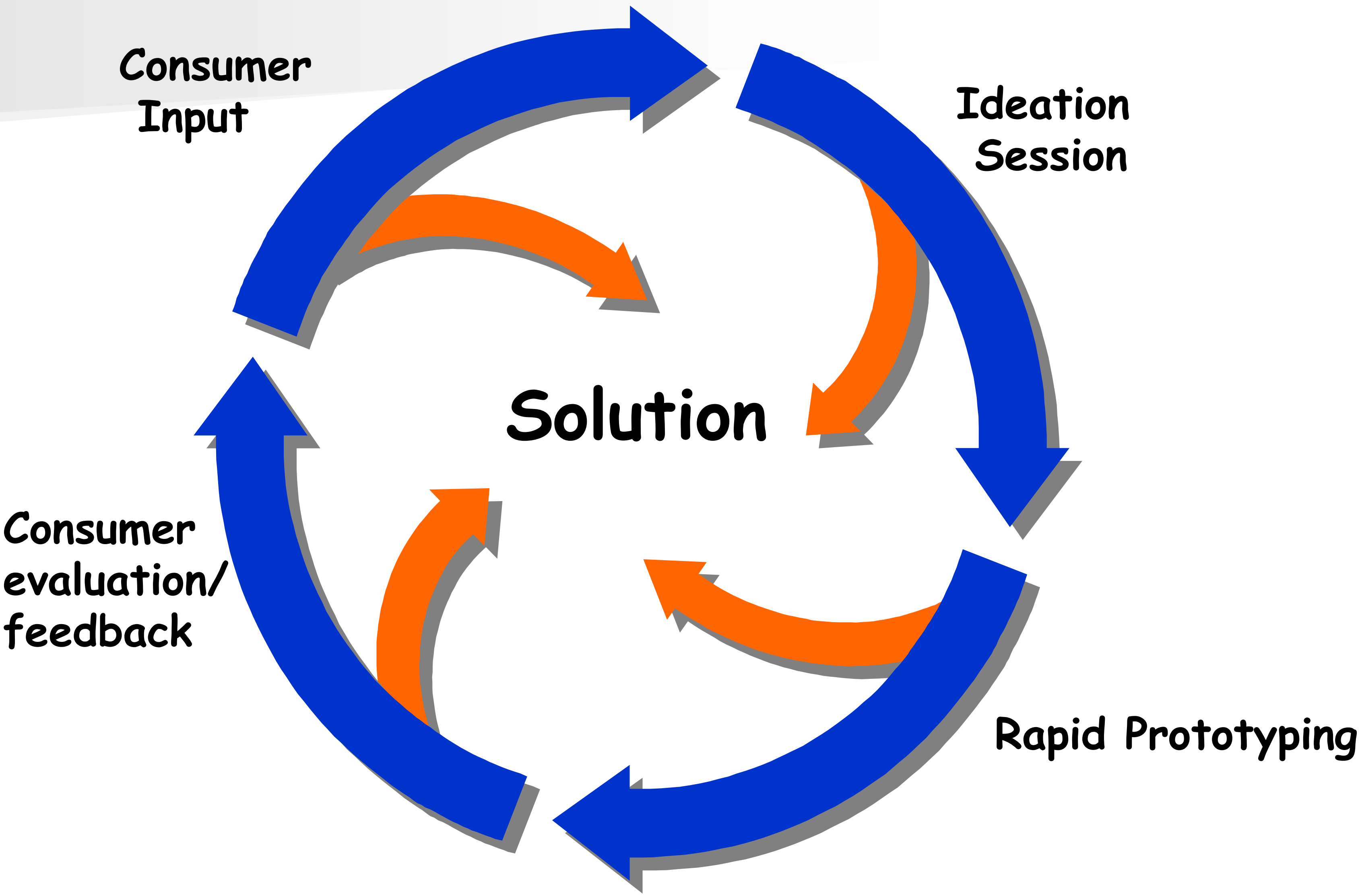
Rapid Prototypes

- Trial Kitchen for Products
- Outside Agency/Supplier for packaging mock-ups
- Speedy visualization of concepts
- Allows immediate consumer feedback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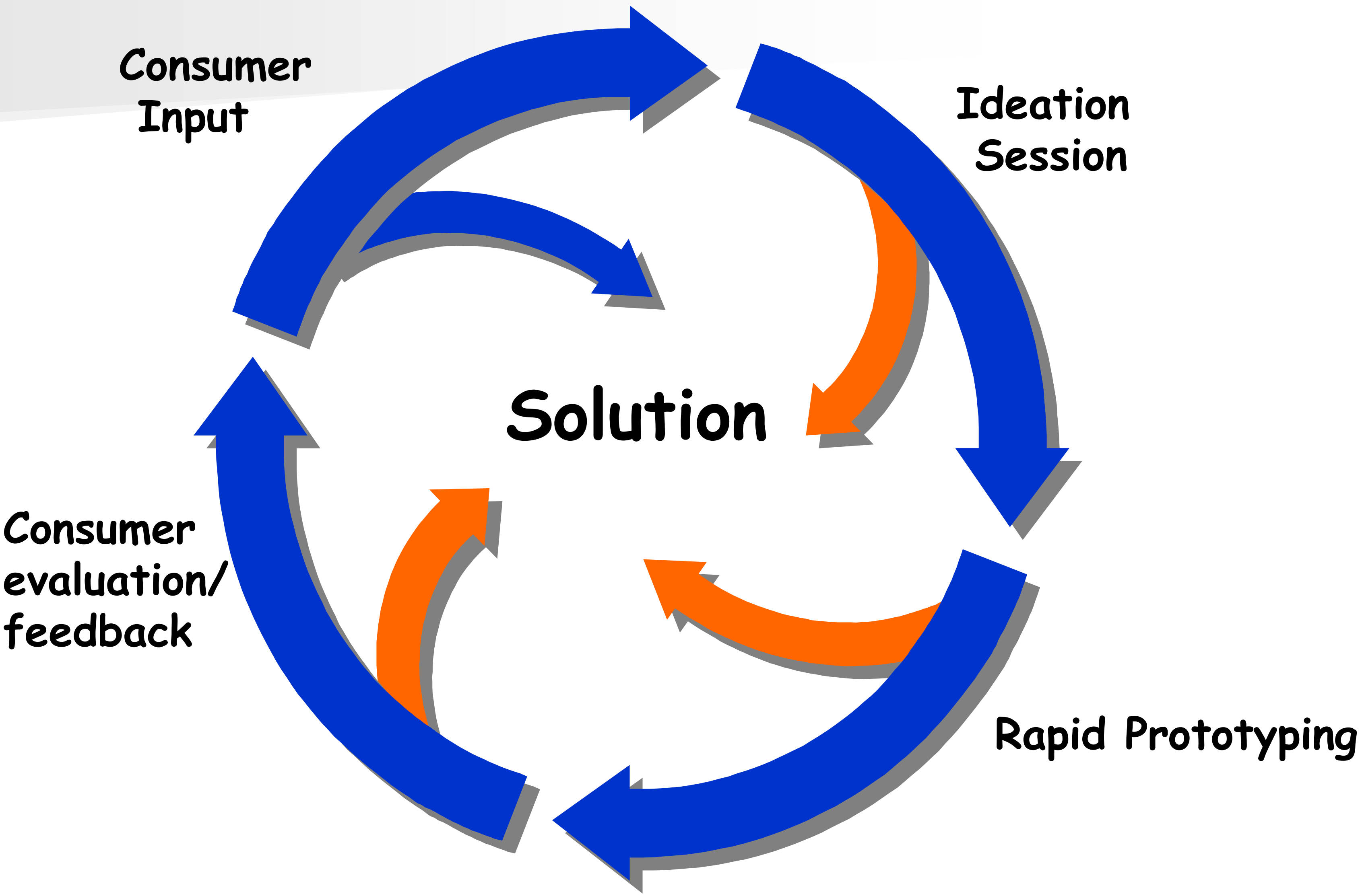
Consumer Evaluation/Feedback

- Immediate feedback on concepts
- Qualitative information for concept optimization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