

NEW BUSINESS MODEL PROPOSAL
PT Campina Ice Cream Industry Tbk
Business Innovation



Made By:

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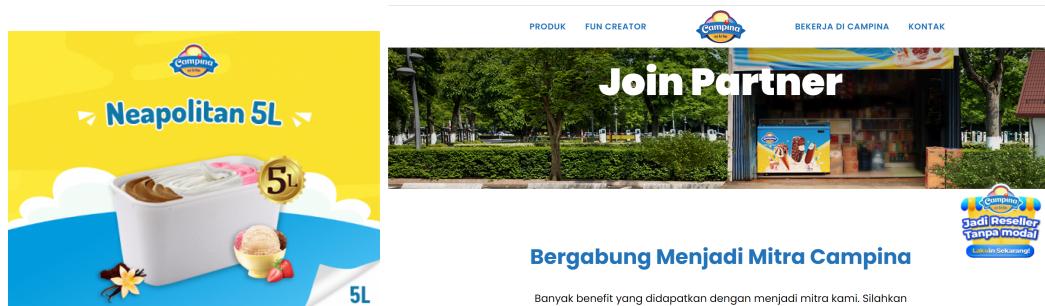
SCHOOL OF BUSINESS AND MANAGEMENT
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Introduction - Company Profile

PT Campina Ice Cream Industry Tbk, established in 1972 in Surabaya, is one of Indonesia's leading ice cream manufacturers. Listed on the Indonesia Stock Exchange under the symbol CAMP since 2017, Campina produces a wide range of ice cream products, including popular lines like *Hula-Hula* and *Concerto* catering to different consumer segments. As a leading ice cream manufacturer in Indonesia with over 51 years of experience, Campina offers a range of products that consistently garner consumer support. They continuously innovate to produce exceptional products made from natural, hygienic, and high quality ingredients, aiming to provide happiness and enjoyment to our customers. They are committed to enabling consumers to enjoy a healthy lifestyle through our high-quality ice cream that benefits everyone. Additionally, Campina strive to inspire the community to take small daily actions that, when combined, can create significant positive changes in the world. Their commitment extends beyond products to the development of new business approaches. We continue to innovate to grow over time, while reducing negative impacts on the environment and increasing positive impacts on society

Business Model Innovations

1. Profit model
 - a. Used strategies of Campina



Campina has a diverse range of products, targeting different segments of consumers. They mixed their profit model according to these products and created a unique profit model. Cost leadership is used in campina's strategy to sell high volume products like the 5L and 8L ice cream tub, at a cheaper price than buying a bunch of 1L ones. This is mainly sold to businesses, parties or just people in general who enjoy stocking up on ice cream. On their website, you can directly buy the products and for the 5L and 8L tubs specifically, they have good reviews and on e-commerce, it is also widely

sold and has 100+ sales every month. Therefore this strategy works for campina and their products.

To further maximize margins, campina sell their products to businesses, pursuing high volumes of orders, using scaled transactions. They push small businesses (e.g stalls) to join their networking program and make them buy the ice creams, to be resold later on. As the number of partners increases, the profits will as well. According to a press conference with the Director of PT Campina Ice Cream Industry Tbk, Adji Andjono, in 2022, Campina will have 61 distribution locations in Indonesia and 33 distribution locations that belong to a third party. In 2023, The Campina representative office or branch office held as many as 1,400 partners spread across the Jakarta and Bekasi areas. This signifies rapid growth and a success in the strategy.

Other than bulk products, Campina also sells their retail ones on their website. Though some of the products are sold with a bundle price, where they put the curated products on a hamper/goodybag, bundling up the price so it becomes cheaper overall and might lure consumers to buy it for a gift or just to be cheaper. This product is usually seasonal and is very popular during holiday seasons and anniversaries. They also promote B1G1 pricing or get cheaper for 2.

In some events or collaborations, campina use forced scarcity to sell their special products at a limited time and place. One example of this is when they collaborated with *Geprek Bensu* and only sold their ice cream sandwiches with special prices in several *Geprek Bensu* stores.

b. Suggestions for Campina's profit model innovation

Licensing is one of the suggestions I would offer. Granting permission to use their already existing branding to market another product using their name. This strategy can be used in different ways. For example, could give out their license to cake shops or cafe for them to put campinas iconic colors into their products of ice cream cakes, gelatos, or other products. With Campina's strong brand, it could leverage the other party's brand as well, while creating a new profit stream for campina. This example has been done by oreo, which has its license bought by cold stone and starbucks.



Non-dairy or even F&B products could also be an option, widening its market by having their license bought by brands that share the similar values. For example, campina's main value is fun and youthfulness, they can allow brands such as *HiJack sandals* for older teens and young adults, or *Smiggle* for younger markets. Oreo is one of the brands that sells their licensing and is used not only in fnb products like the previous example. They also collaborated with unique brands such as *Puma* and *HotWheels*.



My second suggestion is to make a premium product line, this could be done like *Wall's* "Magnum" product. They made its pricing higher but created a brand value that matches the price. From the packaging, offline stores, and the influencers/artists (in India, their brand ambassador is Kareena Kapoor Khan, who is one of the most famous actors there). Campina could localize that and create a new product that focuses on elegance, or leverage the already existing product for example the campina concerto, and market it as an ice cream that is premium.



2. Network

a. Used Strategies by Campina

Campina uses a secondary market strategy to sell their products to customers they can't reach. This is done by recruiting resellers and *Mitra Campina*, where they are trained to be the elongated hand of campina to unreachable customers, especially in rural areas. To complete it, they also used supply chain integration by collaborating with e-commerce to enhance its digital presence and improve its distribution channels. This

partnership aimed to tap into the growing online market, allowing consumers to purchase Campina's products through major e-commerce sites across Indonesia. According to a press conference with the Director of PT Campina Ice Cream Industry Tbk, Adji Andjono, in 2022, Campina have 61 distribution locations in Indonesia and 33 distribution locations that belong to a third party. In 2023, The Campina representative office or branch office held as many as 1,400 partners spread across the Jakarta and Bekasi areas. The profits in their 2023 annual report also signifies a success in this strategy, as their revenue in 2020 went from Rp 1.113.089.037.387 to Rp1.138.188.140.020 in 2023.

Another networking strategy is also how Campina collaborates with different parties for different reasons. Business and product development wise, they collaborated with *Geprek Bensu* to create a promotion on the dine in restaurant of *Geprek Bensu*, where they could get a cone ice cream for free with a minimum purchase of Rp50.000. In the social aspect, Campina collaborated with the Warteg Gratis program during Ramadan 2023. Cited from their annual report, Campina provides free meals at several locations, including TPS Bantar Gebang in Tangerang, Domby School 3 in Yogyakarta, and Free Warung Post Benjeng Gresik city. Moreover, Campina got involved in initiatives to support vulnerable workers through the 2023 National Circle Movement (Gerakan Nasional LINGKARAN), organized by BPJS Ketenagakerjaan, and the distribution of milk and vitamins for stunted toddlers in the Tenggilis Mejoyo district. In environmental conservation efforts, Campina supported initiatives such as the Zero Waste Trash Cart (Gerobak Sampah Zero Waste), pioneered by the Kendangsari Surabaya Village Environmental Association.



b. Suggestions for Campina's Network innovation

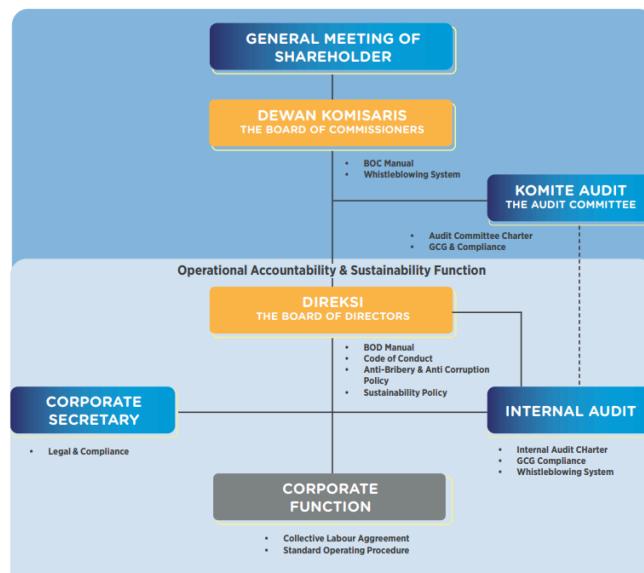
Though Campina has already done collaborations with several parties in business, social, and environmental aspects, I think they can leverage their efforts on collaborating with other companies, making them a partner during some product development and campaign. Such as the example given previously. Though in this case, they will be collaborating and not buying campina's license.

Adding another network innovation might be a good prospect for Campina. Using Open innovation, they can develop new products or services outside their expertise. They

could connect with universities, tech companies, and food-tech startups. With universities, they can do collaborative research on how to make sustainable alternatives of their packaging, as sustainability is also one of their core values. Although they did knowledge transfer and benchmarking, I suggest further diving in deep with the research in universities. With tech companies, campina could improve their mobile app to create a better platform for their customers to use. Lastly with food-tech startups, Campina could explore new and unique formulations and flavor.

3. Structure

a. Used Strategies by Campina



Internally, campina have a traditional organizational structure, as they are a public company, they align their infrastructure with the business process to create an exact chain of command. Campina's working environment values the well-being of its employees. Therefore they offer employee development programs for all their employees to boost productivity and improve employee's knowledge. They also provide incentives when reaching a target to boost employee motivation. In 2023, the number of employee training hours increased by 100% into 179 hours.

As they are committed to sustainable growth with product, technology and distribution innovation, IT integration becomes essential. The company relies on competent technology in production activities, thus allowing for the best quality control practices. For its distribution and supply chain management, the Company has innovated in product distribution by using Eutectic Box technology in refrigerated box trucks. This creates an efficient and straightforward process, good for keeping the supply chain running smoothly and customer satisfaction high.

b. Suggestions for Campina's Structure innovation

For its structure innovation design, campina already has all the necessary strategies used that fit in their company. Their organizational structure is efficient therefore improving efficiency on the chain of command. According to the annual report, Campina's employees have gone down from 1.396 to 1.272. Which is deemed unsuccessful if the scoring aspect is the number of employees. This might happen for a lot of reasons, but the significant increase in employee training might be one of the reasons. Campina should do an employee survey to know if the training hours are bothering their working activities or not. For IT integration, it is important for campina to keep growing and researching on this particular aspect, as modernization continues, they have to be able to keep up with the technology as well, to leverage both efficiency and competitive advantage.

4. Process

a. Used Strategies by Campina

Campina mainly does manufacturing of their products to then be distributed to the market. Therefore they have to do the series of process standardization, efficiency, and automation. To achieve maximum efficiency, profit, and customer trust. For standardization, Campina implements strict procedures at all production stages. This is backed-up by process automation to reach the company's commitment to providing safe, high-quality products that meet high-quality standards. The company relies on competent technology in production activities, thus allowing for the best quality control practices. Additionally, the company implements strict procedures at all production stages, ensuring product safety and smooth distribution. These processes help to achieve process efficiency, where Campina also invests in environmentally friendly technology to reduce energy and carbon footprint in operations.

For logistics, Campina integrates with Eutectic Box technology in refrigerated box trucks. This allows the refrigerated box truck to maintain low temperatures of -35/-40 degrees Celsius for 12 hours without requiring additional power sources after refilling for 10-12 hours. Making distributions easier and maintaining product quality. Overall, campina really thought of the logistic progress, and how their product could be received by customers. Logistics is mainly done by campina themselves, but they manage their process by having a supply chain integration with businesses, to then be distributed and connect unreachable markets as retail products to consumers.

As Campina strives to be the best ice cream company, they often do market research in targeted markets, and ofcourse do localization in their offerings. Their products are to cater the specific taste of Indonesian consumers, with popular flavors like neapolitan and unique ice-cream flavors like "Nastar" flavor which is a common treat in Indonesian houses during ramadan.

Fun and youthful are the 2 core images of Campina, which includes in their strategic design that is protected by law for their intellectual property. They have values

and attributes that are distinct. For example, Campina's logo is meticulously curated to fit their brand image that has been previously said. This image then developed to the mission and vision of the company, and is reflected in their product, campaign, and company activities. This strategic design works well, as they design the attributes that fit them the most, catchy and are consistent with it. For other intellectual property, it is crucial for Campina to manage that and for a company with that much assets, they have already done a thorough legal examination of all their assets including intellectual property. This also has been successful as they remain distinctive with no identity, formula or other intellectual theft.



User-generated content is mainly posted by campina in their stories during events and campaigns, this strategy is not maximized and we can't see that many organic posts on their feed therefore it is unsuccessful.

Lastly, Campina uses predictive analytics to forecast their product demand based on factors such as consumer purchasing patterns, and market trends. They did a lot of market research and used the data from there to manage prices and create new products as well. Campina can use predictive models to project future sales performance across different regions, product categories, and sales channels (e.g., retail, e-commerce, resellers). They are successful in this strategy because 2023 sales were higher compared to 2022, signifying correct forecasting in most parts of the year.

b. Suggestions for Campina's Process innovation

Campina should fully integrate UGC into its main content strategy. Create regular campaigns that incentivize customers to share their experiences, such as contests or challenges using a dedicated hashtag. Partnering with micro-influencers could also boost organic content creation. This is to enhance brand engagement and trust, providing authentic content that resonates with audiences. It could also create more opportunities for customer interaction and promote viral content.

They could also continue expanding the localized product line by introducing limited-edition flavors tied to local traditions. Campina could also explore collaborations with popular local food brands to create fusion products, such as an ice cream flavor based on a famous Indonesian snack.

5. Product Performance

a. Used Strategies by Campina

As campina focus on sustainability, they become a leading ice-cream company that invests in all sorts of technological aspects that pushes environmental dangers down. They produce their products with a mindful process, lessening harm to the environment. They also have a certification from the *Program Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan Hidup* and is certified to have the proper certification of sustainability efforts. This signifies a success in their process.

Campina offers engaging functionality by providing a unique and diverse range of ice cream flavors that cater to both traditional and innovative tastes, making the brand appealing and interactive for consumers. The company's ability to create distinct flavors that resonate with Indonesian preferences is key to its success in engaging consumers. Though, the range of unique flavors is not that much and could be improved.

b. Suggestions for Campina's Product Performance innovation

They should keep up with the sustainability and improve on the engaging functionality, where Campina explores more local flavors, limited-edition releases, and potential collaborations, Campina can maintain a strong connection with its audience, ensuring that their ice cream products remain exciting, interactive, and enjoyable. They could also do customization on offline stores, letting consumers mix and match their own creations with unique combinations and toppings. Lastly, Campina should do styling by product benchmarking to other countries and import their style of flavors or innovation and localize it for the Indonesian market.

6. Product system

a. Used Strategies by Campina

Campina's use of product bundling through hampers is a strategic approach that effectively boosts customer experience, sales, and increases brand visibility, particularly during special occasions and seasonal events. Bundling allows Campina to combine various products into a single, attractive package,

creating a more valuable offering for consumers compared to purchasing individual items. These hampers, typically designed for seasonal events, target the gift-giving culture during these periods, making them highly relevant and desirable for consumers. Currently, that is the only strategy used for the product system in Campina, but they did fairly well by giving the bundles on suitable events and seasonal timing.



b. Suggestions for Campina's Product System innovation

To enhance their product system innovation, Campina could introduce a variety of complementary products that makes the ice cream experience for consumers fun. Offering toppings like chocolate chips and sprinkles, would allow customers to personalize their ice cream, making it more interactive and enjoyable. These toppings could be sold in pre-packaged kits, bundled with Campina's ice cream products, or offered as stand-alone items in retail stores. To further align with sustainability targets, Campina could introduce reusable products, such as branded ice cream bowls, spoons, or even insulated containers. These items would allow customers to enjoy ice cream at home or on-the-go, while reducing waste from disposable packaging.

7. Source

https://www.campina.co.id/storage/2024/05/1714534953.SR_Campina_2023.pdf

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