Growth Strategy Deployment in High-Growth Countries (Indonesia and Türkiye)

Market features and characteristics in high-growth countries (Indonesia and Türkiye)

The Indonesian and Turkish markets have proven resilient, having endured the impact of the COVID-19 induced recession and are now emerging as one of the top players in their respective regions. These countries are similar in many ways. They boast a sustainability-minded youth population – Indonesia’s median age (as of 2021) is 31.1 whereas Türkiye is 32.3. This in turn has facilitated the growth of a strong middle class to sustain aggregate supply amid a boom in the retail internet economy. It is unsurprising since both countries have high levels of internet penetration – Indonesia at 73.5% and Türkiye at 93% – and active players in the internet economy, especially e-commerce.

In 2021, compared to previous year, e-commerce volumes rose by 69% in Türkiye and the ratio of e-commerce to general commerce was 17.7%. On the other hand, Indonesia’s 202 million strong internet users contributed US$5 billion to the country’s burgeoning retail e-commerce. The country has seen growth forecasts indicating that this will more than double by 2025. This is music to the ears of those in the coatings industry. Coupled with strong growth figures – Indonesia (6%) and Türkiye (11%) – and rising post-pandemic income, there has been a robust uptick of product sales.

Much of this has also been underpinned by similarities in cultural motivations pertaining to home renovations. In the aftermath of a prolonged lockdown and COVID-19 movement restrictions, there has been a stated increase in hygiene awareness, prompting many to refurbish their homes and improve them. In Indonesia, the repainting cycle has been found to be between 1.5-2 years compared to 2-3 years in Türkiye.

Growth strategy in Indonesia

Indonesia remains a vibrant market, and PT Nipsea is optimistic about our strategic growth outlook and focuses on delivering consistent results in this market. In line with the aspiration, our growth strategy centers in these aspects – strategic industries, technological capacity and social media marketing.

One of the main areas for opportunities in the industrial segment is in automotive manufacturing. As more Indonesians recover from the economic effects of the pandemic, the return to the normal will be coupled with a spike in our production sometime beginning this August. This is a corollary to a growing middle-class segment with significantly higher wages than during the pandemic period, which will be its primary source of demand. As a result, there will be a surge in demand for automotive coatings as manufacturers race to meet the growing urbanization and travel needs of this segment of society.

The rise in technological capacity will also prove to be a gamechanger for the paint industry. The computerized colour tinting machine (CCM) is one such example. Where previous color mixers were done manually and were limited in choice of colors, this machine is able to tint up to 16,000 colors from just a handful of neutral bases in just over three minutes. These improvements have had a marked impact on efficiency and quality which has resulted in more satisfied consumers. PT Nipsea is also the first paint company to give a 100% Colour Accuracy and Colour Consistency Guarantee for all our CCM machine tinted products.

In terms of product marketing, it makes prudent business sense to leverage Indonesia’s tech savvy population and pour towards social media marketing. Online activities and partnerships with social media celebrities have done plenty to enhance Nippon Paint’s social media presence and reveal public brand awareness. There is an opportunity to drive acceptance of our premium segment of decorative paints as well as our “Vinilex” line of paints (+ different sub-products) which have a strong lead in the middle-income segment. By focusing on an online marketing approach and an aggressive distribution plan, we are then able to elevate the Nippon Paint brand name which translates to greater awareness of the products in the Premium and Middle-income segments.

Growth strategy in Türkiye

Leveraging its continued excellence in the Turkish market, Betek Boya remains steadfast in expanding its footprint in the market and delivering value to all our stakeholders. To that end, our goals are focused in the areas of expanding the External Thermal Insulation Composite System (ETICS) sector, developing a customer-centric approach to business and synergizing with investments in industrial coatings.

In addition, ETICS, which contributes up to one third of our revenue from paint, is ripe for further expansion in the Turkish market. With its 252 mm open joint ETICS supply at 231, Betek Boya is the solid market leader, four times bigger than competitors in the Turkish market and also has a leading position in Euro region.

As more home improvements are expected following the pandemic, there is huge potential for us to maximize. This is made even more pertinent as 48% of energy expenditure in the country comes from buildings as opposed to industry, and 80% of energy consumption from heating and cooling. With its thermal comfort and health-protecting features, thermal insulation allows for energy saving up to 60%. To use energy efficiently is to protect the world and the future of our children.

Thermal insulation has a critical role in environmental health and anti-global warming. As a flagship paint brand Filli Boya has the highest brand Try of mind score in all customer groups. The New Generation Dealer System and “Filli Ustam” painter loyalty programs are the most important features that differentiate experience-oriented interactions/strategies from the sector. Thanks to all these innovative strategies, it is the company with the highest and most efficient distribution scores and the widest painter loyalty platform.

The development of a customer-centric approach to business in a natural continuation of Betek Boya’s multi-brand strategy which has been in place since 1993, delivering solutions to all consumer needs in all socio-economic segments. This strategy has helped propel us into building the largest product portfolio among any local and multinational paint manufacturers in the country and further augment the portfolio, allowing us to compete better with rivals in the region.

By consistently investing in this strategy, we do not allow any aggressive competition to gain place in the market. We place the customer at the core of our business in order to build positive experiences and foster long-term relationships which empowers our leadership further.

Industrial coatings is one aspect of business with immense synergy with cutting edge technology providers which allows us to stand head and shoulders above our counterparts in the same market. Our investment in this sector will help us improve and develop products which provide solutions that protect against corrosion, UV light, and water – among others. This is complemented by adherence to strict protocols pertaining to sustainability measures which ensures that while we improve technologically, we do so in a manner which maintains harmony with our environment.

PROFILE

Budi Fianto Buna
President Director, PT Nipsea Paint and Chemicals

Tayfun Küşçüoğlu
General Manager, Betek Boya

PROFILE

Budi Fianto Buna is the President Director of PT Nipsea Paint and Chemicals Indonesia in 1976 and has been the President Director since 1995. Prior to that, Budi, who began his career as an HR & Payroll Executive, rose through a succession of leadership roles across areas including sales, marketing and general management. He was one of the principal founders and was instrumental in the company’s growth in the Indonesian market. Under his leadership, both Trade Use and Industrial Use divisions secured the number 1 position in market share for Decorative Industrial OEM and Motorcyle coatings businesses. Budi obtained his degree in 1976 from a private university in Indonesia.

Tayfun Küşçüoğlu is the General Manager of Betek Boya Group. He has held various roles within Betek Boya, where he was a founding member in 1988 and is currently part of the Board of Directors since 1998. He also co-founded and helped make Filli Boya the market leader in 2001. He is acting as a pioneer member of the ETICS category in Türkiye. Küşçüoğlu is part of the founding committee at the Paint Manufacturers Association (BOSAD) established in 2022. Tayfun is also the Chairman of the Board of Directors of the Board of Heat, Water and Fire Insulation Association (UĞİB). Other positions he has held include being the Chairman of the Board of Directors at MSASD (Construction Materials Industry Association) since 2020.