

# 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 32.2. 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 73.7% and Türkiye at 82% – and are active players in the internet economy, especially e-commerce.

In 2021, compared to previous year, e-commerce volume 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\$70 billion to the country’s burgeoning digital economy in 2021 with forecasts indicating that this will more than double by 2025. This is music to the ears of those of us in the coatings industry. Coupled with strong growth figures – Indonesia (4%) and Türkiye (11%) – and rising post-pandemic income, there has been a noted uptick of product sales.

Much of this has also been undergirded 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 repaint 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 this aspiration, our growth strategy is nested in three 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 new normal will be coupled with a spike in car production, sometime beginning this August. This is a corollary to a growing middle-class segment with significantly higher wages than during the pandemic period, who 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 10,000 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 gear towards social media marketing. Online activities and partnerships with social media celebrities have done plenty to enhance Nippon Paint’s social media presence and overall 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 (7 differentiated 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 transactions of the products in the Premium and Middle-income segments.



**Budi Fianto Buna**  
President Director,  
PT Nipsea Paint and Chemicals

### PROFILE

Budi joined PT Nipsea Paint and Chemicals Indonesia in 1970 and has been the President Director since 1990. 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 pioneering team members who spearheaded 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 Motorcycle coatings businesses. Budi obtained his degree in 1976 from a private university in Indonesia.



**Tayfun Küçüköğlü**  
General Manager,  
Betek Boya

### PROFILE

Tayfun Küçüköğlü 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 1995. 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. Küçüköğlü is part of the founding committee at the Paint Manufacturers Association (BOSAD) established in 2003. Between 2015 and 2017, Küçüköğlü served as the Chairman of the Board of Heat, Water, Sound and Fire Insulators Association (İZODER). Other positions he has helmed includes being the Chairman of the Board of Directors at IMSAD (Construction Materials Industry Association) since 2020.

## 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 into the Turkish market. With its 22.5 mm sqm annual ETICS supply in 2021, Betek Boya is the solid market leader, four times bigger than competitors in Turkish market and also has a leading position in Euro region.

As more home improvements are expected in the coming months, the demand for thermal insulation will skyrocket, leaving a huge potential for us to maximize. This is made even more pertinent as 40% 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 Top-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 our business is 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 investments in this sector afford us the ability to provide coatings 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 minimizes harm to the environment.