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PORTER'S FIVE FORCES ANALYSIS OF PT INDOFOOD CBP SUKSES MAKMUR TBK

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ABSTRACT

The food and beverage industry is an important sector of Indonesia's manufacturing industry and faces competitive pressures from existing competitors, suppliers, buyers, substitute products, and potential new entrants. This study aims to analyze the competitive position of PT Indofood CBP Sukses Makmur Tbk (ICBP) using Porter's Five Forces framework. The study employs a descriptive qualitative approach based on document analysis of secondary data, including company disclosures and financial statements, government and industry publications, consumer brand survey data, analyst reports, and previous academic research. The analysis focuses on the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products, and rivalry among existing competitors. The findings indicate that the threat of new entrants and bargaining power of suppliers are moderate, bargaining power of buyers is moderate to high, while the threat of substitute products and rivalry among existing competitors are high. ICBP's competitive position is supported by its established brands, broad product portfolio, production facilities, and distribution capabilities. However, the company faces cost-related pressure, as its gross profit margin declined from approximately 37.0% in 2024 to 35.2% in 2025, mainly due to higher raw material costs, particularly cooking oil. Instant noodles also accounted for approximately 73% of the company's 2025 net sales, indicating a significant concentration of revenue in this product category. These findings highlight the importance of cost management, product differentiation, innovation, and distribution effectiveness in maintaining ICBP's competitive position.

Keywords: *Porter's Five Forces; Competitive Strategy; Food and Beverage Industry; PT Indofood CBP Sukses Makmur Tbk; Industry Competition*

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INTRODUCTION

The food and beverage industry is one of the important sectors of Indonesia's manufacturing industry. In the second quarter of 2024, the industry recorded growth of 5.53% and contributed 40.33% to the gross domestic product (GDP) of the non-oil and gas processing industry (Kementerian Perindustrian Republik Indonesia, 2024). In the second quarter of 2025, the food and beverage industry grew by 6.15% (Kementerian Perindustrian Republik Indonesia, 2025), while Indonesia's economy grew by 5.12% year-on-year during the same period (Badan Pusat Statistik, 2025). In the first quarter of 2026, the manufacturing sector remained in an expansionary phase, with a Prompt Manufacturing Index Bank Indonesia (PMI-BI) of 52.03%. The food and beverage industry was also among the subsectors recording high index readings (Bank Indonesia, 2026). These developments highlight the strategic importance of the industry and the competitive pressures faced by companies seeking to maintain their market positions.

Competition in the food and beverage industry is influenced by industrial concentration and firms' market power. Using panel microdata from individual manufacturing firms in Indonesia for the 2017–2021 period, Ridhwan et al. (2026) examined the effects of industrial concentration and markups on profitability, measured by price-cost margins, and prices in the food industry. Their findings indicate that industrial concentration and markups positively and significantly affect profitability and prices. However, the study focuses on industry-level dynamics rather than the competitive position of PT Indofood CBP Sukses Makmur Tbk (ICBP) specifically. Therefore, its findings provide a broader industry context for examining ICBP's competitive position.

One of the major companies operating in this environment is PT Indofood CBP Sukses Makmur Tbk (ICBP), a leading consumer branded products company with business operations in noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages. According to its official corporate profile, ICBP has more than 30 leading brands and over 60 plants in Indonesia. Its operations are supported by the distribution network of PT Indofood Sukses Makmur Tbk, and its products are exported to more than 100 countries (PT Indofood CBP Sukses Makmur Tbk, n.d.). Jaesa and Suripto (2024) examined ICBP's management strategy in Indonesia's fast-moving consumer goods (FMCG) industry and discussed the company's strengths in product diversification, distribution networks, industry experience, and research and development. However, their study focused on the company's condition in 2022. Meanwhile, Ridhwan et al. (2026) examined market structure and market power at the industry level rather than the competitive position of ICBP specifically. These differences provide an opportunity to assess ICBP's competitive position by connecting recent industry-level evidence with company-specific information from 2024–2026.

Porter's Five Forces framework provides a systematic approach to analyzing industry competition through five dimensions: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products, and rivalry among existing competitors (Porter, 1979, 2008). This study aims to analyze ICBP's competitive position by examining the intensity of these five forces and identifying their implications for the company's business strategy. By combining recent industry-level evidence with company-specific information, this study seeks to provide an updated assessment of the competitive pressures facing ICBP and formulate strategic recommendations to help the company maintain its competitiveness.

LITERATURE REVIEW

Porter's Five Forces framework is used to analyze industry competition through five forces: the threat of new entrants, the bargaining power of suppliers and buyers, the threat of substitutes, and rivalry among existing competitors. These forces shape industry structure and influence how profitability is distributed among firms (Porter, 1979, 2008).

Previous studies have examined the relationship between market structure and competitive behavior. Ridhwan et al. (2026) analyzed industrial concentration, markups, profitability, and prices in Indonesia's food industry using manufacturing data from 2017–2021. Amountzias (2018) examined competition and pricing decisions in the UK food and beverages sector using data from 2007–2016. Although these studies provide relevant evidence on market power, their findings should be interpreted within their respective industry contexts and data periods.

Research focusing on ICBP has identified product diversification, distribution capabilities, and research and development as relevant company strengths (Jaesa & Suripto, 2024). According to its official corporate profile, ICBP operates across several food and beverage categories, has more than 30 leading brands, and is supported by more than 60 plants in Indonesia and an extensive distribution network (PT Indofood CBP Sukses Makmur Tbk, n.d.).

Although previous studies provide insights into industry competition and ICBP's business, they differ in scope and data periods. This study therefore applies Porter's Five Forces to assess ICBP's competitive position using recent company disclosures and relevant industry evidence.

RESEARCH METHODOLOGY

This study employs a descriptive qualitative approach to analyze the competitive position of PT Indofood CBP Sukses Makmur Tbk (ICBP) using Porter's Five Forces framework. The study relies on secondary data collected through documentation, including company reports, official institutional publications, and relevant academic literature. Document analysis provides a systematic method for reviewing and interpreting documentary evidence (Bowen, 2009).

The study focuses on ICBP and the Indonesian food and beverage industry. Recent information published during 2024–2026 is prioritized, while earlier sources are retained when they provide relevant theoretical or empirical foundations. Company-specific information is obtained from ICBP's annual reports, financial disclosures, and official announcements. Industry-level information is obtained from relevant Bank Indonesia publications, while academic studies provide additional context regarding industry structure and competitive behavior.

The data are analyzed using Porter's Five Forces framework: the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, the threat of substitutes, and rivalry among existing competitors (Porter, 1979, 2008). Relevant evidence is classified according to these five forces and assessed using indicators such as barriers to entry, economies of scale, access to distribution channels, supplier alternatives, buyer choice, switching costs, product substitutability, product differentiation, brand strength, and competitive behavior.

Each force is then categorized as low, moderate, or high based on the overall direction, relevance, and consistency of the available evidence. These categories represent qualitative analytical judgments rather than statistical measurements. The assessment distinguishes company-specific evidence from broader industry information and acknowledges limitations when evidence is incomplete or mixed. The findings are subsequently used to evaluate ICBP's competitive position and develop strategic recommendations.

RESULTS

Table 1. ICBP Financial Indicators, 2024–First Semester 2026

Indicator	2024	2025	H1 2026
Net sales	Rp72.60 trillion (+7%)	Rp74.85 trillion (+3%)	Rp41.86 trillion (+11%)
Income from operations	Rp16.32 trillion (+13%)	Rp16.66 trillion (+2%)	Rp9.15 trillion (+8%)
Operating margin	22.5%*	22.3%	21.9%
Core profit	Rp10.41 trillion	Rp9.98 trillion (−4%)	Rp5.40 trillion (+1%)
Income attributable to owners of the parent	–	Rp9.22 trillion (+30%)	Rp3.70 trillion (−33%)

Source: PT Indofood CBP Sukses Makmur Tbk (2025a, 2025b, 2026a, 2026b).

*Calculated from reported figures.

The threat of new entrants is assessed as moderate. ICBP operates across noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages, with more than 30 leading brands, more than 60 plants in Indonesia, and products reaching more than 100 countries (PT Indofood CBP Sukses Makmur Tbk, n.d.). It also operates more than 20 instant noodle production facilities abroad (PT Indofood CBP Sukses Makmur Tbk, n.d.). Brand preference reinforces these advantages, as Indomie recorded a 71.6% score in the 2026 Top Brand Index, compared with 14.5% for Mie Sedaap (Top Brand Award, 2026). The company's production capacity is further supported by continued investment in manufacturing facilities. On December 12, 2025, ICBP inaugurated its eighteenth instant noodle factory in Cibinong (Badan Pengawas Obat dan Makanan, 2025). Such investment may strengthen ICBP's economies of scale and create additional barriers for potential new entrants seeking to compete at a comparable level. However, smaller firms can still enter specific product categories without matching ICBP's overall capacity. Therefore, the threat of new entrants is assessed as moderate.

The bargaining power of suppliers is assessed as moderate. ICBP's production activities depend on raw materials, including wheat and crude palm oil (CPO), making the company exposed to fluctuations in input prices. The company's first-semester 2025 financial results reported that income from operations decreased by 5% to Rp8.48 trillion, mainly due to higher raw material costs (PT Indofood CBP Sukses Makmur Tbk, 2025a). In 2025, the company's gross

profit declined by 2% to Rp26.36 trillion, while its core profit decreased by 4% to Rp9.98 trillion (PT Indofood CBP Sukses Makmur Tbk, 2026a). These developments indicate that changes in raw material costs can affect ICBP's operating performance. However, the company's relationship with other businesses within the Indofood Group may provide supply-chain advantages and help support its procurement activities. Nevertheless, the extent to which this relationship reduces dependence on external suppliers cannot be determined from the available information. Since specific data on supplier concentration, alternative suppliers, and purchasing agreements are unavailable, the moderate assessment reflects the company's exposure to input price fluctuations and the limitations of the available evidence.

The bargaining power of buyers is assessed as moderate to high. Consumers have various choices in the food and beverage market, allowing them to compare products based on price, quality, taste, and brand preference. The availability of competing brands and alternative products may increase consumers' ability to switch between products, particularly when switching costs are relatively low and consumers are sensitive to price changes. However, ICBP benefits from strong brand recognition and consumer preference. In the instant noodle category, Indomie recorded a 71.6% score in the 2026 Top Brand Index, compared with 14.5% for Mie Sedaap (Top Brand Award, 2026). This indicates that strong brand preference may reduce consumers' willingness to switch from established products. Furthermore, ICBP operates across several food and beverage categories and manages more than 30 leading brands, supporting its market position (PT Indofood CBP Sukses Makmur Tbk, n.d.). Nevertheless, consumers retain the ability to choose competing products based on their preferences and purchasing power. Since direct data on consumer price sensitivity, switching behavior, and purchasing patterns are unavailable, the moderate-to-high assessment represents a qualitative judgment based on market choices, switching costs, and brand strength.

The threat of substitutes is assessed as high. ICBP's products face competition from alternative food and beverage products that can satisfy similar consumer needs. For example, consumers may choose rice-based meals, bread, or other convenient food products instead of instant noodles, depending on their preferences, purchasing power, and consumption habits. The potential availability of these alternatives creates substitution pressure for ICBP's products. This challenge is particularly relevant because instant noodles generated Rp54.38 trillion, or approximately 73% of ICBP's total net sales of Rp74.85 trillion in 2025, and recorded growth of 3.61%. Meanwhile, beverage sales declined by 12.09%, while nutrition and special foods declined by 3.25% (PT Indofood CBP Sukses Makmur Tbk, 2026a). This revenue concentration indicates that ICBP's overall performance remains substantially dependent on the instant noodle category. Although the company operates across several product categories, this diversification does not entirely eliminate its exposure to changes in consumer demand. Since direct data on consumer switching behavior and substitution rates are unavailable, the high assessment represents a qualitative judgment based on the availability of alternative products and ICBP's product-category revenue concentration.

Rivalry among existing competitors is assessed as high, particularly in the instant noodle market. Indomie leads in consumer preference (71.6% against 14.5% in the 2026 Top Brand Index; Top Brand Award, 2026), but competitors remain strong in other channels: in the first quarter of 2026, Sedaap led the instant noodle and pasta category on the Shopee marketplace with a 54.83% share (Wafa, 2026). A strong market leader therefore does not remove competitive pressure. At the industry level, Ridhwan et al. (2026) found that concentration and markups are associated with profitability and prices in Indonesia's food industry, although this

evidence covers 2017–2021 and does not measure rivalry among ICBP's competitors directly. Based on the evidence of brand competition in the main category, rivalry is rated high.

Table 2. Summary of Porter's Five Forces Assessment of ICBP

Competitive Force	Assessment	Main Supporting Evidence
Threat of New Entrants	Moderate	Established brands, more than 60 plants in Indonesia, extensive distribution network, and the possibility of entry into specific product categories.
Bargaining Power of Suppliers	Moderate	Exposure to raw material price fluctuations and potential supply-chain advantages through relationships within the Indofood Group.
Bargaining Power of Buyers	Moderate to High	Various consumer choices, relatively low switching costs, and strong brand preference that may reduce consumers' willingness to switch.
Threat of Substitutes	High	Availability of alternative food products that satisfy similar consumer needs and approximately 73% of 2025 net sales concentrated in the instant noodle category.
Rivalry Among Existing Competitors	High	Competition between Indomie and Mie Sedaap, reflected in consumer brand preference and marketplace performance.

Source: Author's analysis based on company disclosures, industry publications, consumer brand survey data, analyst reports, and previous academic research.

CONCLUSION

This study analyzes the competitive position of PT Indofood CBP Sukses Makmur Tbk using Porter's Five Forces framework. The findings indicate that ICBP benefits from established brands, production scale, product diversification, and distribution capabilities. These factors support its position in Indonesia's food and beverage industry.

The analysis assesses the threat of new entrants and bargaining power of suppliers as moderate, bargaining power of buyers as moderate to high, and the threat of substitutes and rivalry among existing competitors as high. These classifications represent qualitative judgments based on the available secondary data rather than statistical measurements.

To respond to these competitive pressures, ICBP should strengthen product differentiation, continue innovation, improve distribution effectiveness, and manage

production costs carefully. These efforts may help the company maintain its competitiveness in a changing industry environment.

LIMITATIONS AND IMPLICATIONS

This study has several limitations. First, it relies on secondary data from company disclosures, institutional publications, and previous academic studies. Therefore, the analysis depends on the availability and scope of existing information. Second, the assessment uses a qualitative descriptive approach, meaning that the classifications of competitive forces are analytical judgments rather than results of statistical testing. Third, some available studies examine the Indonesian food industry broadly or focus specifically on instant noodles, so their findings may not represent every product category operated by ICBP.

These limitations have implications for future research. Further studies could incorporate consumer surveys, supplier information, competitor data, and product-category market shares to examine buyer power, supplier power, and substitution more directly. Quantitative methods could also be used to compare competitive conditions across different product categories and periods.

For ICBP, the findings highlight the importance of maintaining brand strength, developing products that respond to consumer needs, improving supply-chain efficiency, and monitoring competitors' marketing and innovation strategies. These implications should be considered alongside more detailed market data and the company's operational priorities.

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