

## PRESS ARTICLE

### Case study

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## SIDEL HELPS HOKKAN GROUP TO PENETRATE INDONESIAN MARKET WITH ASEPTIC TECHNOLOGY



**The first Sidel aseptic Combi line in Indonesia has been installed for PT.Hokkan Indonesia in Kota Bogor, West Java Province. Part of the Hokkan HD Group, PT.Hokkan Indonesia was formed to take advantage of the knowledge gained in aseptic production by the Group in Japan. The Group was also looking to enter the beverage market in Indonesia, which is one of the best-performing emerging countries with a GDP growth in 2011 of 6%.**

This continuing growth in the economy, together with an increasing population, has led to a significant jump in the consumption of beverages in Indonesia over recent years. As Indonesia's growing "middle-class" with more expendable income is looking for new experiences and tastes, the global trend of urbanisation - with more people living within the main conurbations of major cities - is reflected in the country's consumption patterns which are expected to continue to grow. Under these circumstances, the Hokkan Group entered into partnership for a joint venture with the Toyota Tsusho Corporation, part of the Toyota Group, one of the largest trading companies in Japan, and the sixth largest in the world. The partners are hoping the joint operation makes a real impression in the Indonesian PET bottle market, where it is a co-packer - primarily for soft drinks - and contracted aseptic filler. The bottle manufacturing facility has a potential capacity of five million cases each year - or 150 million individual bottles - and the aseptic process makes it possible to manufacture high quality, lightweight products, with a flexible bottle design and a long product shelf life.

### **Expected switch to healthy beverages**

PT.Hokkan Indonesia is now producing a wide range of non-carbonated soft drinks, such as coffee-based, tea-based and milk-based drinks, along with fruit and sports drinks to meet local consumer demand. Similar to a current trend taking place around the world, Indonesian consumers are likely to become more health-conscious too over the coming years with younger people in particular already demanding conveniently packaged, healthy products. Dairy products, such as drinkable yoghurts, are already one area that has been positively impacted by the

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emerging trend, with single-serve, “on-the-go”, rigid plastic formats performing particularly well currently. “From our experience in Japan, we know that aseptic technology can achieve lightweight bottles, a flexible bottle design and long product shelf life. Aseptic technology offers us numerous opportunities for making quality products,” said Masaaki Ikezawa, President of PT.Hokkan Indonesia.

Although the purchase of healthy beverages, such as sour milk drinks and sports and energy drinks, is not yet common practice amongst other Indonesian consumers, increasing awareness of health issues, accompanied with rising disposable income, is set to spark a change in habits. PT.Hokkan Indonesia expects naturally healthy and fortified products, including speciality Asian drinks, bottled water, powder concentrates, fruit and vegetable juices, functional drinks and RTD teas to grow significantly in sales over the coming years. Packaging formats in the country tend to be ‘single-serve’ now, with most drinks packaged in PET bottles. Demand for returnable glass bottles has declined substantially over the last couple of years, mainly through one producer switching production from glass to one-way PET bottles. The increasing use of PET is down to a number of factors: its 100% recyclability, excellent barrier material properties that allow extended shelf life, bottle design freedom and the greater brand recognition possibilities offered by the package transparency. Being re-sealable, light and compact, the PET bottles are also more convenient for the customer as they do not have to be consumed at one time and are far more suited to the dynamic urban lifestyles of younger Indonesian consumers.

### **An understanding supplier**

The philosophy driving PT.Hokkan Indonesia is the pursuit of the best possible quality for its customers. The transfer of the experience and knowledge of aseptic production gained by the Group in Japan was seen as key in providing safe packaging technology and optimum product quality in the new plant in Indonesia. Rather than gaining market share from existing suppliers to the Indonesian market, Hokkan sees itself attempting to create a new aseptic market, in which it strongly believes, for the Indonesian consumer. With the experience of Nihon Canpack gained in Japan, the Group felt comfortable that Sidel fully understood its focus on product quality. Cost, of course, was important although not its priority, as the Group was intent on quality and fast start-up of the installation. Being a co-packer, flexibility of the line - especially in the design and format of the bottles produced - was also an important consideration.

### **The experience and expertise to respond to market demands**

The manufacturing plant, which is located just 50 kilometres to the south of central Jakarta, has ample supplies of fresh natural water drawn from three wells. It is also close to Sukabumi city and benefits from an established distribution network in nearby Jakarta. PT.Hokkan Indonesia made the decision to invest in a PET aseptic line, including a wet aseptic Combi Sensofill FMa. The Combi PET systems combine blow moulding, filling and capping in a single integrated system. They optimise layouts by eliminating conveying, empty bottle handling, accumulation and storage and therefore have a smaller footprint. They improve packaging hygiene, ensuring food safety - a single enclosure making it easier to keep hygiene under control along with other hygiene options. The flow meter Sensofill™ FMa filler can handle a broad variety of products - including both high and low acid products, still beverages or products with pulps - in containers from 200 ml to 2 L. It manages all bottle finishes and accommodates both flat and sport caps. The line was also equipped with Sidel’s EIT™ - Efficiency Improvement Tool - the automated data acquisition and information system, which enables instantaneous, remote connection to the plant floor in order to make it possible to monitor closely and analyse production data.

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The choice of the Combi Sensofill FMA to blow, fill and cap the drinks produced, was partly influenced by the small compact footprint of the machinery, as well as the energy-saving possibilities, reduced manpower and lightweighting benefits of the Sidel equipment. PT.Hokkan Indonesia was also pleased with the collaboration with the Sidel team on the design and development of the new bottles. "We let the professionals do the job of bottle design. Sidel studied market trends and came up with a good solution that met customer needs and matched the Indonesian market culture", said David Chendra, General Manager of PT.Hokkan Indonesia. The customer alone could not have researched local market trends and the most practical designs to fulfil consumer demand due to time and cost implications. Conversely, Sidel, had the experience and expertise to respond quickly in handling the research and turning around the designs in a relatively short time. The supplier did so successfully, meeting the different cultural approaches and needs of the market to deliver a professional solution. The finished designs evaluated and tested well before production started.

#### **Providing the right solutions**

The Hokkan Group sees Sidel as the company leading innovation, flexibility and production rates in PET bottling. In the Far East, just as in the West, there is growing concern about the costs - both financial and environmental - of raw materials and power consumption. The Group therefore looks to Sidel to provide solutions in reducing the use of materials and energy, in increasing savings, extending the possibilities of lightweighting, retaining quality and extending the shelf-life of its sensitive products. "In our view, Sidel is a company that leads the field of innovation, bottle design, flexibility and services. We will continue to work with them to find ways to further reduce energy consumption and they have presented a highly innovative solution for using bio-material. At PT.Hokkan Indonesia, we appreciate this partnership," said Ikezawa.

#### **New business opportunities based on this success**

Following the success of the first aseptic line, PT.Hokkan is now evaluating investment in a second, looking into the possibility of using a Combi Predis FMA. This system is configured with Predis, Sidel's dry preform decontamination technology, integrating all the preform decontamination, blowing, filling and capping functions into a single production enclosure. Predis enhances production flexibility by replacing wet bottle sterilisation with dry preform decontamination, removing the need for rinsing water. It helps to protect liquid packaging from micro-organisms, preserving sensitive drink integrity and lengthening shelf life. This second aseptic line, equipped with the proven dry preform decontamination solution from Sidel, would be designed to further extend the capacity that PT.Hokkan Indonesia has for producing sensitive beverage products.

#### **First move into foreign markets**

In 1997, the Hokkan Group first joined up with Nestlé with the intention of expanding their 'beverage commissioned business' by forming Nihon Canpack Malaysia Limited to take advantage of the growing market in South East Asia. Ten years later the Group also entered the Vietnamese

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market as a contracted filling company. Its subsidiaries Hokkai Can Company and Nihon Canpack Limited both follow the established strategies of comprehensive contracting, manufacturing and filling of PET bottles for the soft drinks market. The manufacturing capacity of the Hokkai Can Company is also used in tandem with product development capabilities of Nihon Canpack to undertake contracted manufacturing of food and beverage products for local producers - as well as those in Europe, the United States and Japan.

### **Partnering with Toyota**

The Group's partner in the PT.Hokkan Indonesia undertaking, the Toyota Tsusho Corporation, is based in Nagoya and Tokyo and a member of the Toyota Group.

Although the automotive business remains its main focus, its mission now is to address society's needs and to develop new business models. Since 2006, it has been actively moving into non-automotive fields, through several different ventures into the food industry. Hokkan Holdings own 70% of the joint venture, with the Toyota Tsusho Corporation, which first entered the Indonesian market in 1974, holding 30%. Having past experience of the Indonesian market, Toyota Tsusho will utilise its local knowledge and the commercial networks already established over the intervening years, to good effect on behalf of the Indonesian undertaking. Following their jointly agreed plan, Toyota Tsusho provides the raw materials, resources and overall corporate management for the Indonesian plant, with Hokkan responsible for manufacturing, quality control, packaging and new product development. Both parties are responsible for marketing.



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#### **About Sidel**

Sidel is the leading global provider of PET solutions for liquid packaging. We are committed to being the most innovative, responsive and reliable partner, providing sustainable solutions for the beverage industry.

Headquartered in Switzerland, we have production sites in 13 countries and 30,000 machines installed in more than 190 nations worldwide. With over 5,500 employees worldwide, we provide optimal PET packaging solutions for water, soft drinks, milk, sensitive products, edible oils and alcoholic beverages including beer.

We aim to create value for our customers by giving them A Better Match. This is the tailored solution that caters for their needs exactly. We do this by offering flexible and reliable production systems that are easily adaptable to market developments and future technology, supported by value-added services.

We are Sidel. We are **A Better Match**.

Find out more at [www.sidel.com](http://www.sidel.com)

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