

Prepared Baby Food from Organic Ingredients

Executive Summary

When a baby is born, parents will do all they can to provide the best for their babies. According to Euromonitor in the journal "Consumer Lifestyles" (2009), many mothers in the middle class group in Asia Pacific have to do their daily activities while taking care of their babies. Thus, expecting practicality while giving the best nutrition for their babies. Due to this, many mothers turn to instant baby food available in the market. However, as Indonesian mothers' knowledge and awareness about the importance and benefit of organic product increases (Euromonitor, 2010), they are looking for food that is not only practical, but also healthy.

Heartymill is a ready to eat puree baby food made from organic ingredient in a practical packaging. Heartymill is processed hygienically, made from organic ingredients produced by organic certified farmers and is packaged using aseptic technology, which allows it to have long shelf life without using preservatives. Heartymill's package is a pouch with a removable cap on top, which is practical for mothers to carry around and serve to their babies. Heartymill's variants include heritage menu combination such as 'ceker ayam' which is specially formulated for Indonesian babies' needs. Heartymill is targeted as staple foods for babies from 6-12 months. Heartymill's target consumer are young mothers in Indonesia with age of 21-40 and monthly household expenditures of 3,000,000-15,000,000 rupiah.

To compete with other baby food companies, Heartymill will use *Focus Differentiation as a generic strategy* (Porter, 1996). This strategy means that Heartymill will use all of its resources to increase perceived benefit received by the customers. To achieve this, PT. Combinutri, will use innovation within company and brand management as tools to increase Heartymill's perceived benefit to our customers.

Innovation and continuous improvement is a vital part of Hearty mill. Every variants and their nutritional composition is carefully formulated by our research and development department, which uses latest technology, comprehensive database, accurate market data as well as consultation from our expert baby health nutritionist to produce variant that are most needed by our customers. Our research and development department strive to release new variants every 6 months, making sure to cater to the ever growing need of the market and staying one step ahead of our competitor.

Hearty mill's marketing program will utilize existing communities such as ibuprofesional.org, urbanmama.com and IDAI (Ikatan Dokter Anak Indonesia) to establish relationship with our target market. By sharing knowledge and sponsoring their events, Hearty mill aims to establish customer's trust in our brand as well as to increase awareness of Hearty mill's existence in the market.

One of the crucial factor to gain customer's trust is to deliver products that are of the highest quality and standard to our customers. Strict quality control policies are employed in 4 stages to ensure that our products meet the highest standard. Inspections will be performed when raw materials arrived, during machine line production, post production and post retail. To make sure, our final products meet the specification, Hearty mill will employ AQL (Acceptance Quality Level) GI standard grade II which is the same standard employed by European baby food processing factories.

Financially, Hearty mill will need initial investment of 10 billion rupiah to start its operation. Having been well calculated, the payback period for the business is estimated around 5 years with ROE (Return on Equity) of 100%. Through terminal value calculation, its NPV (Net Present Value) is estimated to be 887 billion rupiah with IRR (Internal Rate of Return) of 83%. This numbers indicates that the business is feasible.