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Analysis of market positioning and generic strategy map of gelato products in Indonesia market place

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Abstract

This study investigates the market potential, positioning, and strategic formulation for milk-based gelato products in Indonesia. Literature analysis reveals that ice cream holds a special place among Indonesian consumers, with 69.2% expressing strong preference and only 0.6% disliking it. The Indonesian ice cream market recorded USD 527 million in revenue in 2019, with a CAGR of 15.97% from 2015 to 2019, and consumption volume reaching 105.3 million kilograms. Future projections indicate a continued positive growth trend at a CAGR of 7.18% between 2020 and 2025, driven by rising disposable incomes, urbanization, and lifestyle shifts favoring premium dairy products such as gelato. The market positioning analysis of the top 10 gelato brands shows diverse competitive strategies: Bonico offers the most competitive price per gram, Batavia leads in flavor variety, and Powder Aja and Toffin excel in packaging weight for B2B segments like cafés and restaurants. Furthermore, generic strategy analysis identifies four limitations faced by the industry: high-volume market demands, intense price competition, operational cost efficiency, and medium-to-large-scale dominance. The proposed generic strategy map includes rigid consequences, strategic choices, and flexible consequences. These interconnected strategies provide MSMEs and industry players with a comprehensive framework to build competitive, sustainable, and innovative milk-based gelato businesses aligned with evolving market dynamics in Indonesia.

Keyword: Strategy map; business models; product competitiveness; gelato market positioning

1. Introduction

In Indonesia, the rise of the middle class, ICT disruption impact as explained in the study [1][2], rapid urbanization, and the modernization of lifestyles have significantly influenced the consumption patterns of dairy-based products, including ice cream. Based on WM Strategy report [3], the Indonesian ice cream market achieved a compound annual growth rate (CAGR) of 15.97% in revenue and 6.3% in volume between 2015 and 2019. Market projections also show continued growth, with a 7.18% CAGR forecasted for 2020–2025, indicating not only its role as a popular dessert but also its increasing integration into daily dietary habits. This growth is further supported by changing consumer perceptions that now view ice cream not merely as a sweet indulgence or refreshing snack on a hot day, but as an innovative food product combining taste, texture, nutrition, and health benefits. However, a study [4], [5][6] show despite the growing ice cream and dairy processing industries, per capita milk consumption in Indonesia [7] remains relatively compared to neighboring ASEAN countries. This paradox highlights both a challenge and a strategic opportunity for the national dairy sector [6]. Strengthening the local fresh milk supply chain, improving the quality of raw materials, and expanding the range of dairy-based derivative products with functional health benefits are imperative to enhance market competitiveness. For instance, the development of healthier ice cream variants with reduced sugar content, higher protein concentration, or probiotic enrichment aligns with global trends towards health-conscious consumption.



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Furthermore, recent advances in food science and technology have revolutionized the ice cream industry.

The ice cream industry has undergone significant transformation driven by consumer demand for healthier, functional products without sacrificing sensory qualities [8]. Traditionally, ice cream has been produced using milk fat as its primary lipid source, providing a rich texture and desirable mouthfeel. However, concerns over high cholesterol and saturated fat content have encouraged researchers and manufacturers to explore alternatives. Similarly, a reviewed strategies for reducing or replacing both fat and sugar in ice cream to produce functional products with lower caloric content, highlighting that such reformulations require a careful balance to maintain creaminess, stability, and sensory acceptance. Beyond fat substitution, the incorporation of probiotics into ice cream has emerged as a promising innovation to position ice cream within the functional food category. Another finding [9] emphasized that probiotic ice cream can deliver viable counts, thereby contributing to gut health benefits if processing parameters are optimized. This involves modifying the ice cream base formulation to support probiotic viability during freezing and storage. Such innovations reflect a new paradigm in the ice cream industry, transitioning its positioning from being merely an indulgent treat to a functional food that offers both pleasure and health benefits, aligning with broader trends in health-conscious consumer behaviour. In summary, the literature indicates a clear trend towards integrating health-oriented ingredients, such as vegetable fats and probiotics, with technological advancements in stabilisation and formulation, to create ice cream products that align with modern consumer demands for wellness, functionality, and sustainability.

Ultimately, the continuous transformation of milk and ice cream products underscores the interconnectedness between agricultural production, food technology innovation, consumer behaviour, and market dynamics, emphasizing the need for strategic integration across these domains to ensure sustainable growth and enhanced public health outcomes. The purpose of this research is to conduct an in-depth analysis of the market share and market positioning of gelato products in Indonesia, and subsequently formulate the generic strategies adopted by industry players to remain competitive in the market. This study also aims to identify potential market opportunities, understand consumer preferences, and analyze the competitive advantages of each existing product in the market. Therefore, the findings of this research are expected to provide practical strategic recommendations for MSMEs and other gelato industry players to develop effective business development plans, enhance competitiveness, and expand their market reach in a sustainable manner.

2. Method

The method used in this study consists of three main stages. The first stage is an analysis of the market potential for milk products and their derivatives, which aims to identify market opportunities, consumption trends, and consumer preferences.



Figure 1. Trends in dairy products and their derivatives (Source: Kenresearch)

The second stage involves market positioning analysis or perceptual mapping [10] of the top 10 gelato products dominating marketplace sales, conducted through literature review, secondary data

collection from industry reports, and market observations to obtain a comprehensive understanding of existing market conditions and potential. The third stage is an analysis of the generic strategies using business model [11][12][13] implemented by industry players, aimed at understanding the strategic approaches adopted to remain competitive within the gelato industry.











3. Result and Discussion

Analysis of potential market share

Based on literature analysis, ice cream holds a special place in the hearts of Indonesian consumers and has become an integral part of their consumption lifestyle. A survey conducted by Licorice in 2017–2018 [14], [15] revealed that 69.2% of respondents stated that they loved ice cream, while 29.2% quite liked it. Interestingly, only 0.6% of respondents reported not liking ice cream, a very small figure compared to the vast majority who enjoy this product. These findings indicate that ice cream has almost universal market penetration across different consumer segments in Indonesia, from children to adults. This consumer preference data is in line with the national ice cream market performance, which has shown an impressive growth trend over the past five years. According to a 2019 report by WMS [3], Indonesia's ice cream market recorded a total revenue of USD 527 million, with a compound annual growth rate (CAGR) of 15.97% between 2015 and 2019. This revenue growth was accompanied by a steady increase in consumption volume, which recorded a CAGR of 6.3% during the same period, reaching a total of 105.3 million kilograms in 2019.

Future projections also show a promising positive trend. Ken Research estimates that Indonesia's ice cream market will continue to grow at a CAGR of 7.18% between 2020 and 2025. This growth is driven not only by taste preferences but also by rising disposable incomes, urbanization, and changing lifestyles, which encourage the consumption of premium dairy-based products such as ice cream and gelato. This market trend is illustrated in the Ken Research market review [16] shown in Figure 1 below, which projects stable development and vast market opportunities for business players in this industry.

Table 1. Top 10 gelato product in the market

Brand & Company										
Product	Pondan Ice Cream Magic Vanilla	Haan Ice Cream Mix	Soft Serve Gelato Klepon	Magic Powder Ice Cream	Premium Soft Ice Cream	Ice Cream Powder	Bubuk Premix Ice Cream	Ice Cream Powder	Bubuk Es Krim	Hard Ice Cream
Additional Value	Chocochips inside package	Claims of higher milk content	Authentic and unique klepon taste	Without the need for additional milk or sugar, product variants vary in taste	Soft texture	Claims with no preservatives or artificial sweeteners; product variants vary in flavor	product variants vary in taste	Soft texture; Real fruit content	Soft texture	Imported products claim to be authentic
Price start from	Rp. 20.500	Rp. 14.800	Rp. 167.000	Rp. 185.000	Rp. 39.000	Rp. 20.000	Rp. 35.000	Rp. 45.000	Rp. 22.500	Rp. 405.000
Flavour	Vanilla	Coklat, cappuccino, stroberi, vanilla	Klepon	Alpukat, blueberry, stroberi, coklat, vanilla, cappuccino, durian, bubble gum, kacang hijau, jeruk, melon	Vanilla, coklat, Stroberi	Vanilla, green tea, taro, coklat, durian, stroberi, alpukat, cream cookies, mangga blueberry.	Coklat, stroberi, vanilla, durian, green tea, red velvet, bubble gum, cappuccino, tiramisu, blackforest, hazelnut, almond, taro, peppermint, oreo, pisang, jambu, blueberry, mangga, jeruk, melon, anggur, apel, lemon, leci, sirsak, yoghurt, karamel.	Coklat, oreo, choco chips, vanilla, kacang hijau, jagung manis, tape ketan hitam, kelapa muda.	Coklat, stroberi, vanilla, taro, kacang hijau, durian.	Durian, coklat, vanilla, tiramisu, stroberi, green tea.
Pack Size (gram)	160	85	1000	250	500	250	250	450	250	1000
(Rp) / gram	128	174	167	740	78	80	140	100	90	405

Market positioning analysis

Table 1 presents a tabulation of product data compiled from various open-access secondary data sources that have been successfully gathered. This data contains information on the top 10 gelato products currently dominating sales in the Indonesian market, both through offline distribution channels in stores and online via e-commerce and marketplaces. Each product has distinct characteristics that serve as its unique selling points to consumers, including aspects such as price, net product weight, the variety of flavors offered, and the perceived value for money. Based on the data presented in **Figure 2**, it is observed that in terms of price per gram, Bonico products have the most competitive value compared to other brands, making them an attractive choice for consumers who prioritize cost efficiency. Meanwhile, in terms of flavor variety, Batavia products demonstrate significant dominance, offering a wider range of flavors than other brands, thus making them highly appealing to consumers who enjoy variation and flavor exploration.

However, when viewed from the aspect of product weight per package, the brands Powder Aja and Toffin recorded the highest net product weight among all brands listed. This indicates that both brands have implemented a deliberate size and volume differentiation strategy to attract specific market segments, particularly consumers with larger volume consumption needs such as cafés, restaurants, gelato artisans, or beverage businesses that use gelato as their base ingredient for signature menus. By offering products with higher net weights, these brands are able to optimize their value proposition for B2B customers who prioritize cost efficiency, operational practicality, and consistent supply over individual consumption convenience. Moreover, this differentiation strategy not only strengthens their position within the institutional buyer segment but also enables them to build stronger partnerships with the HORECA sector (hotels, restaurants, cafés) and other culinary industries that demand bulk purchasing options. This approach potentially increases purchase frequency and sales volume while fostering brand loyalty among business customers who rely on stable supply and competitive unit pricing to maintain their operational margins. Therefore, this data tabulation provides a comprehensive overview of the competitive landscape of the gelato market in Indonesia, highlighting how different brands leverage unique strategies to cater to diverse market segments. These insights serve as an important foundation in formulating effective competitive strategies, determining precise product positioning, and designing sustainable and market-oriented business models that will be developed in this study to support MSME growth and innovation in Indonesia's growing gelato industry.

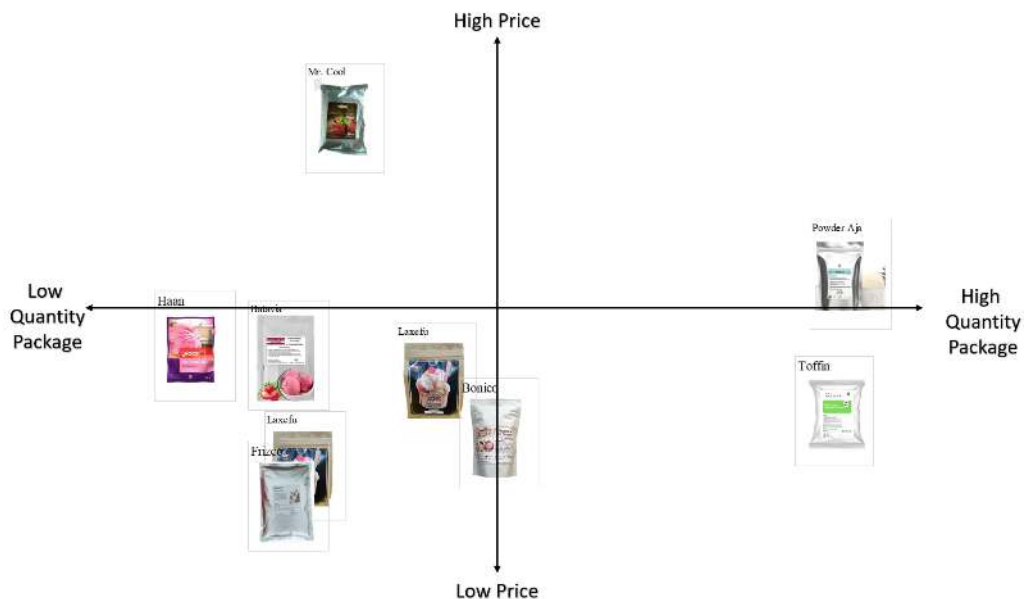


Figure 2. Market positioning gelato product

Generic strategy map analysis

Based on the collection and analysis of secondary data, we assess that the ice cream gelato business in Indonesia has four main limitations that must be considered in future business strategy formulation. First, there is the characteristic of a high-volume market, where the large market demand requires optimal production and distribution capacity to meet consumer needs in a timely manner. **Second**, there is highly competitive price competition, particularly between mass-market products and premium artisan products, requiring companies to determine the right price positioning to remain relevant in the market. Third, challenges arise in terms of maintaining low operational costs, where business actors must keep their cost structure efficient without reducing the product quality that serves as the core value of gelato. Fourth, most players in Indonesia's gelato industry are medium to large-scale companies, making it necessary for MSMEs wishing to enter the market to have clear differentiation strategies or niche markets to compete effectively. By understanding these four limitations, a generic strategy map as shown in Figure 3 can be developed to serve as the foundation for formulating the business model and marketing strategy of milk-based gelato products. Within this strategy map, there are three key classifications of decisions that businesses must make: rigid consequences, which are mandatory to implement; strategic choices, which are decision options that can be selected based on business conditions and goals; and flexible consequences, which can be adaptively implemented depending on market dynamics and the company's capabilities. Understanding these decision classifications is crucial for businesses to determine the strategic priorities that best optimize the market potential of gelato products in Indonesia sustainably and competitively.

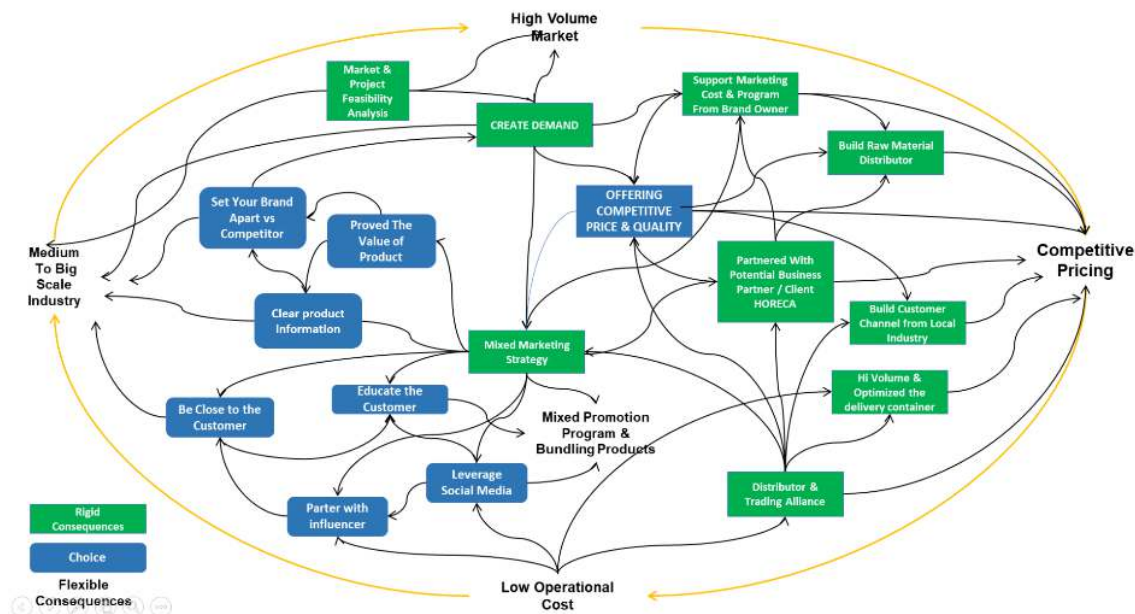


Figure 3. Generic strategy map of gelato ice cream

Several rigid consequences are interconnected and form a comprehensive set of actions for developing milk-based gelato businesses in Indonesia. Creating demand serves as an essential initial step to open up the market and increase consumer awareness of the product. This is further strengthened by implementing a mixed marketing strategy, which combines various marketing approaches to reach a wider consumer segment, including digital promotion, direct selling, and branding events. To ensure the effectiveness of marketing strategies, it is crucial to have support for marketing costs and programs from brand owners, which can reduce promotional expenses and expand promotional reach. To support supply chain sustainability, the strategy to build raw material distribution networks plays an important role in securing a stable supply of raw materials at competitive prices. Additionally, establishing partnerships with potential business partners or clients in the HORECA sector (hotels, restaurants, cafés) opens wider distribution opportunities and significantly increases sales volume. This aligns with the strategy of developing customer channels from local industries, ensuring the products are well

distributed across various market lines. In operational terms, achieving high sales volume and optimizing delivery are key factors in improving distribution efficiency and reducing logistics costs per product unit. Finally, establishing distribution and trading alliances will strengthen the business's market position by expanding distribution networks and increasing bargaining power with both markets and suppliers. Thus, these strategies collectively support one another, starting from demand creation, marketing reinforcement, distribution optimization, to partnership development and sustainable business networking, enabling competitive business growth in the national market.

Meanwhile, several supporting strategic options can be implemented to strengthen the overall business strategy. These include offering competitive prices while maintaining high product quality, which is essential for capturing price-sensitive consumers without compromising brand reputation. Businesses should also focus on enhancing the perceived value of their products through superior taste, packaging, and health benefits to attract discerning customers. Additionally, it is important to differentiate the brand from competitors by developing unique selling propositions and innovative flavors that align with consumer preferences. Providing clear and transparent product information builds trust and credibility among customers, while educating them about the benefits and uniqueness of the product can increase brand loyalty and purchase intention. Furthermore, leveraging social media platforms effectively enables businesses to reach wider audiences and engage directly with their target market. Finally, partnering with influencers or key opinion leaders can amplify brand awareness, build social proof, and accelerate market penetration, especially among younger consumer segments who are highly influenced by digital content. Lastly, there is a flexible choice related to implementing mixed promotion programs and bundling products, which can further enhance customer value perception, increase sales volume, and strengthen brand positioning in the competitive gelato market. Collectively, these strategic options complement the core business strategy and ensure that the company remains competitive and adaptive in the dynamic Indonesian gelato market.

The generic strategy map developed in this study provides a structured approach to navigating these dynamics by categorizing decisions into rigid consequences, strategic choices, and flexible consequences. This framework enables businesses to distinguish between non-negotiable actions, such as ensuring supply chain stability and demand creation, and adaptive strategies, such as bundling promotions or experimenting with product innovations. The impact of this analysis lies in its capacity to guide businesses in prioritizing initiatives that strengthen market presence, sustain competitiveness, and secure long-term growth. By aligning rigid operational requirements with adaptive marketing and branding strategies, gelato producers in Indonesia can better respond to consumer demands, mitigate industry challenges, and foster sustainable competitive advantage in an increasingly dynamic market.

4. Conclusion

Based on the literature analysis, market data, and strategic mapping presented, this study concludes that ice cream and gelato hold a strong and special position in Indonesian consumer culture, characterized by high market penetration across various demographic segments and sustained growth trends over the past decade. The market analysis reveals that the Indonesian ice cream industry achieved significant revenue growth, with a CAGR of 15.97% between 2015 and 2019, and is projected to continue expanding at a CAGR of 7.18% from 2020 to 2025, driven by urbanization, rising disposable incomes, and lifestyle changes towards premium dairy-based products. The perceptual mapping analysis highlights that each leading gelato brand in Indonesia possesses distinct competitive advantages, such as Bonico's cost efficiency per gram, Batavia's extensive flavor variants, and Powder Aja and Toffin's larger packaging sizes targeting B2B markets like cafés and restaurants. Furthermore, the generic strategy map developed in this study identifies four major limitations faced by gelato businesses in Indonesia: the high-volume market demand, intense price competition, the need for low operational costs, and the dominance of medium to large-scale companies in the industry. To address these limitations, this research formulates a comprehensive strategic framework consisting of rigid consequences (mandatory strategic actions), strategic choices (optional decisions based on business conditions), and flexible consequences (adaptive strategies according to market dynamics). These

strategies encompass creating market demand, developing mixed marketing approaches, building raw material distribution networks, partnering with HORECA channels, optimizing delivery and distribution efficiency, offering competitive prices with high quality, enhancing product value, differentiating the brand, providing clear product information, educating consumers, leveraging social media, collaborating with influencers, and implementing mixed promotional programs and bundling strategies. Collectively, these insights provide a strategic foundation for MSMEs and industry players to develop sustainable and competitive milk-based gelato businesses in Indonesia, optimizing market potential while fostering innovation, consumer trust, and long-term business growth.

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