

CHAPTER 1

INTRODUCTION

1.1. Brief History

Kalbe Farma Tbk is an Indonesian pharmaceutical, healthcare, and nutrition company established by six siblings, led by Dr. Boenjamin Setiawan. The growth of Kalbe Farma Tbk has expanded throughout the years through strategic acquisitions of pharmaceutical companies, becoming an integrated consumer health and nutrition enterprise. Their history started on September 10, 1966, when Kalbe was initially established. During this time, their focus was only centered around the North Jakarta area. This remained so until they established a new factory in 1971 in Pulomas, East Jakarta. Over time, they would open branches in numerous regions, covering all of Indonesia's provinces over a span of ten years. Between the years of 1976 and 1985, Kalbe went through a period of verification and physical growth. In 1977, it turned out to be one of the most significant entities in the field of ethical medicines, competing with 41 multinational companies. In the same year of 1977, PT Dankos Laboratories was established, focusing more on the field of over-the-counter medicines.

Afterward in 1981, Kalbe Farma Tbk moved the logistics and distribution business to PT Enseval Megatrading, making them a part of Kalbe's subsidiary companies specialized in the supply and distribution of their products. Four years later, PT Bintang Toedjoe and PT Hexpharm Jaya were acquired by Kalbe Farma Tbk., further increasing their amount of acquisitions and growing their size as a health company. However, during the period of 1986 to 1998, Kalbe Farma Tbk. decided to only maintain fields that could continuously bring growth in the next era, such as infant products and milk. Meanwhile, the rest of the less relevant categories were partnered with external parties. The total food nutrition businesses owned by Kalbe Farma Tbk were then combined into PT Sanghiang Perkasa. This was done due to a crisis period happening in Indonesia during this era. Currently, Kalbe has grown into an integrated healthcare company, broadening their reach with 4 divisions: prescription medicine division, health products division, nutrition division, and distribution & logistics division. With the total acquisitions collected by Kalbe, the company has brands in prescription drugs, over-the-counter medicine, energy drinks, nutrition products, and a distribution company that reaches over 1 million outlets (Kalbe Consumer Health, 2022).

On the other hand, Kalbe International is an international marketing company owned by Kalbe Farma Tbk. that handles the marketing, trading, and export of their products. The focus and goal of this company changed Kalbe Farma Tbk from being only a trading company into a worldwide corporation that operates in multiple countries. Kalbe International has brought Kalbe's presence into 12 different countries, including Singapore, Malaysia, Cambodia, Philippines, Vietnam, South

Africa, Sri Lanka, Thailand, Nigeria, and the United Arab Emirates. Fifteen different countries are also included in Kalbe International's reach under a trading partnership. Kalbe International's development is also firmly based on their value which is shared among all of Kalbe's companies called Panca Sradha. It consists of 5 values, including "Trust is the glue of life", "Mindfulness is the foundation of our action", "Innovation is the key to our success", "Strive to be the best", and "Interconnectedness is a universal way of life" (Kalbe International, 2023).

1.2. Vision and Mission

Kalbe Farma Tbk's vision is to be the best Indonesian global healthcare company driven by innovation, strong brands, and excellent management, while its mission is to improve health for a better life (Kalbe, 2023). Kalbe International shares this same mission, as it is a branch of Kalbe Farma Tbk. However, they are equipped with a different vision, which is to develop Kalbe as a global company with a strong foothold in ASEAN through quality, global brand, innovation, and global operational excellence that is enabled by global talent management (Kalbe International, 2023).

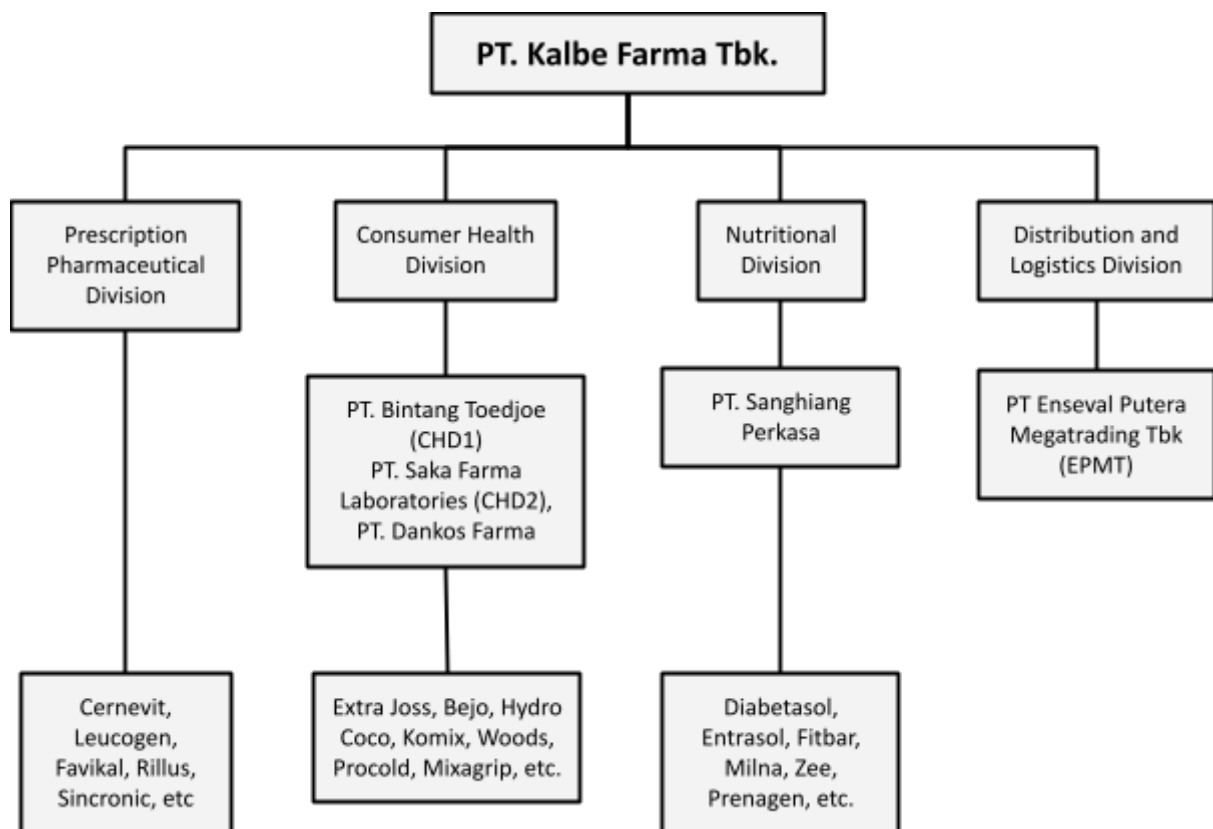
1.3. Main Activity

The main activity of Kalbe International follows the activities done in Kalbe Farma Tbk, except that it focuses mostly on the trading, marketing, and export of Kalbe Farma's total products to other countries. The activities done in Kalbe International include new product development, procurement, production, marketing or brand management, logistics, and distribution, all of which are supported by a designated line of business focused on each of their assigned divisions. These lines of work are executed for all of the products managed by Kalbe International, which are classified based on their category including Woods, Promag, Procold, and Mixagrip for over-the-counter products, Extra Joss for consumer health products, Milna, Prenagen, and Entراسول for nutrition products, and Nutrican, Nephrisol, and Kalmeco for Prescription products (Kalbe International, 2023)



Figure 1. Kalbe International Products**1.4. Organizational Structure**

Kalbe has expanded its business through 4 divisions: the Prescription Pharmaceutical Division, Consumer Health Division, Nutritionals Division, and Distribution & Logistics Division. Below is the organizational structure of Kalbe Farma Tbk. and its acquisitions, along with the products produced by each division. It is to be noted that these are not the only acquisitions that are associated with Kalbe, but they are the only ones whose divisions are clearly stated in their literature. Other acquisitions owned by Kalbe including Kalbe Genexine Biologics, Bifarma Adiluhung, Innogene Kalbiotech, Innolab Sains Internasional, Pharma Metrix Labs, Hexpharm Jaya Laboratories, Hale International, Kalbe Milko Indonesia, Finusolprima Farma Internasional, Indogravure, Kalbe Morinaga, Kalbe Vision, Kalbe Foods and Kalbe Cosmetics are not clearly classified in terms of their respective division (Kalbe, 2023).

**Figure 2.** Organizational Structure of Kalbe Farma Tbk.

Kalbe International also has their own internal organizational structure as the international marketing branch of Kalbe Farma Tbk. This includes divisions that focus mostly on the international

marketing of Kalbe Farma Tbk's products, namely Consumer Health Division 1 (CHD1), Consumer Health Division 2 (CHD2), Nutrition and Pharma. The division CHD1 focuses on PT Bintang Toedjoe's products such as Extra Joss, Komix and Red-G; CHD2 focuses on PT Saka Farma's products such as Woods, Mixagrip and Procold; Nutrition focuses on PT. Sanghiang Perkasa's products such as Diabetasol, Fitbar and Milna; and Pharma focuses on prescription pharmaceutical products such as Rillus, Nephrisol and Nocid. These divisions are the driving forces in the accomplishment of Kalbe International's goals, developing and marketing Kalbe's products internationally. However, other divisions such as Human Resources (HR), Finance, Accounting, Organization Development, Legal, and IT are also needed to maintain the company's well-being. They keep the company in check by securing the human resources for Kalbe International, keeping the financials of Kalbe International in order, maintaining the cybersecurity of Kalbe International's assets, etc. Together, these departments work together to sustainably carry out the vision and mission of Kalbe International (Kalbe International, 2023).



Figure 3. Organizational Structure of Kalbe International

1.5. Assigned Division (CHD1)

CHD1 or Consumer Health Division 1 is a Kalbe International division focusing on the international marketing affairs of Bintang Toedjoe's over-the-counter products, including Extra Joss, Komix, and Red-G. The work carried out by this division includes managing and coordinating marketing strategies with collaborations between stakeholders, preparing the launch of new CHD1 products, aligning with other functional teams for business development, and monitoring the marketing implementation to make sure that the marketing strategy is done effectively and has an

impact. Examples of marketing strategies implemented with Extra Joss include targeted digital marketing and online-to-offline/offline-to-online events. Targeted digital marketing is a strategy used to create content and events specially made for a specific type of audience, Extra Joss currently mainly targets blue-collar workers, sports fans and e-sports enthusiasts between the age of 18 and 30. This allows the marketing to focus into a more specific sub-group of the population, creating more relatable and therefore more effective content towards the targeted market. Meanwhile, online-to-offline/offline-to-online events are held to strengthen the bonds between the brand and the customers by creating an offline event that is promoted digitally (online-to-offline). The results of the event can then be published into the brand's social media platforms to create a more inviting brand image (offline-to-online). This strategy works as it shows a direct interaction between the brand and the customer instead of artificial designed content made to catch the attention of the customers.

CHD1 has a total of 19 marketing and trading countries, with marketing countries including Malaysia, Nigeria, Philippines, Myanmar, and Cambodia. Meanwhile, the trading countries include the Philippines, Nigeria, Myanmar, Cambodia, Chile, Yemen, Netherlands, Brunei, New Zealand, Burkina Faso, and Guinea. Marketing countries are countries that are focused on the marketing of the products, including offline marketing events and digital marketing, while trading countries are countries that focus only on the retail and import of the products.

The intern was assigned to the CHD1 division, focusing on the brand of Extra Joss. Extra Joss is one of the most popular products created by PT Bintang Toedjoe, capitalizing on the market of energy drinks, with their unique selling point of being an instant powdered energy drink. They are sold in sachets or boxes, to be mixed with water and directly consumed. Their portability is especially highlighted as one of their main selling points when it comes to marketing, along with their ability to re-energize consumers.