Food and beverage (F&B) industry (including tobacco) is one of the top ten exporter industries in Indonesia showing a positive development and bigger contribution to a national economic growth. On the other hand, F&B industry has negative impact from lower energy subsidy policy, slow export, raw material imported, weakening social purchasing power due to low commodities prices, and weakening IDR currency. The dynamics of market development and expansion encouraging a strong competitiveness with new players, price, production cost, new market expansion and other influences affecting business sustainability as suggested by Diamond Porter’s Model to consider various factors in improving competitiveness, especially in exploring the comparative advantages and competitive advantage in a growing and changing market.

Market share distribution of Indonesian F&B industry dominated by only a few companies, 1 company represent 20% market share, while 3 companies represent 10% market share and 124 companies represent 35% share (2013, LEK insights). This condition is also shown by only 15 companies listed in the Indonesia Stock Exchange (IDX) as food & beverage sub sektor. PT Tiga Pilar Sejahtera Food Tbk., known as TPS Food is one of the listed companies major in processed food manufacturing, also in rice trading & processing, and in oil palm plantation.

The objectives of the study are to analyze the influence factors to the competition in processed food industry in Indonesia, to analyze the competitiveness of TPS Food among the competitor companies listed in IDX, and to propose alternative strategies to improve the competitiveness of TPS Food in a growing and challenging market. The analysis tools are Porter’s Diamond Model, Firm Value Creation and AHP.

The results showed that the factors influencing the competitiveness of processed food industry in Indonesia based on Porter’s Diamond Model are the availability of product (good quality & inovatif), quantity of demand, decision-making process with a clear goal, value creation, and good relationships internaly and externaly. The proposed alternative strategy in improving competitiveness for TPS Food is to improve the quality standard in an integrated system by CEO (the owner) and Marketing Director as main actors in a clear decision making process.

Key Words: AHP, competitive strategy, diamond Porter, processed food.