

# CHAPTER I

## INTRODUCTION

### A. The Initial Idea

Indonesia is one of the developing countries with a fairly rapid economic growth. Indonesia's economic growth rate in 2016 reached 5.03%. In 2017, it increased to 5.06%. In 2018, the rate of economic growth increased at 5.17% and most recently in 2019 it reached 5.02% (BPS, 2019). This is indicated by the increasing number of developing businesses. Company Services at 10.22%; followed by Health Services and Social Activities 9.19%; and Information and Communication 9.15%; and Other services achieved the highest growth of 10.72% (BPS, 2019).

These other services include the culinary sub-sector, which is the responsibility of the *Badan Ekonomi Kreatif* (BEKRAF). As one of the creative economy industries in Indonesia, the culinary sector has contributed 41.69% to the Gross Domestic Product (GDP). The growth in the culinary subsector also supports Indonesia's tourism growth. This can be seen from Indonesia's achievement which succeeded in occupying the 42nd position out of 136 countries in the Travel and Tourism (T&T) Competitiveness Index 2017 after previously being in 50th position out of 141 countries in 2015 (Badan Ekonomi Kreatif, 2017). In addition to the fast-growing rate of economic growth, domestic investment in the culinary sector is recorded at IDR 21.26 trillion until mid-2019 (Badan Koordinasi Penanaman Modal, 2019).

In 2018 the food and beverage sector succeeded in contributing to the national GDP of 6.34%. The Ministry of Industry's achievements rose 0.23% from 2017 to 6.21%. Since last year the food and beverage industry has succeeded in being included in the top five largest contributors to GDP along with other industries such as the chemical industry, transportation equipment, textiles, and technology. It is recorded that the food and beverage sector have an investment value in 2018 of IDR 56.20 trillion. In the 2019 non-oil and gas growth projection, the food and beverage industry sector are projected to grow at a high rate of 9.86%. (Kemenperin, 2019).

The culinary sector contributes 41.40% of the total revenue of the tourism sector and the creative economy, the increasing value in the creative industry sector reached IDR 382 trillion. This contribution was obtained from 5.5 million culinary business units or 67.7% of the total creative economy business units (BPS, 2016). In 2017, culinary contributions continued to increase both in terms of nominal and from growth. The culinary contribution in 2017 increased by IDR 410 trillion, with the contribution to the GDP of the creative economy increasing by 41% (BPS, 2017). This sector absorbs many workers, from 7.9 million people in 2017 to 8.8 million people in 2018 and until 2019 there are 5.5 million players in the culinary industry. The workforce absorbed reaches 42.5% of the total number of workers in all small and medium industrial sectors (BPS, 2019).

The culinary industry during January-June 2020 has grown 2.03% on an annual basis. This figure is lower than the realization for the same period last year, which was 7.4 percent. This is due to the Corona virus (COVID-19) pandemic which has begun to undermine the culinary industry. The

Indonesian food and beverage industry usually experience growth of more than 7% annually. However, in 2020 the growth of the food and beverage industry will only reach the level of 4-5%. The factors behind this scenario are a very drastic decline in Indonesian household consumption, namely 2.84% in the first quarter of 2020 compared to 2019 (BPS, 2020).

Indonesia's business growth is supported by business activities of the people itself. By 2020, Jakarta's population has increased 72 thousand citizens, leading to a total of 10,57 million citizens (BPS, 2020). With age and gender segmentations as follows:

**TABLE 1**  
DKI Jakarta Population 2020

Age	Male	Female
0-4	421.400	432.300
5-9	387.600	406.500
10-14	364.900	377.200
15-19	418.400	400.500
20-24	462.000	431.000
25-29	480.100	462.300
30-34	457.500	455.900
35-39	460.300	467.500
40-44	426.700	434.300
45-49	374.500	378.300
50-54	314.800	318.700
55-59	251.200	249.700
60-64	191.700	187.900

65-69	134.900	128.800
70-74	89.900	82.000
>75	72.700	54.900

Source: Badan Pusat Statistik (2020).

The table showed DKI Jakarta's dominant population of Millennials. Millennials are the most recent generation to be a part of the workforce. The name 'Millennial' came from their fondness to the new millennium and to be raised in a further digital age. They are individuals born between the year 1981 and 2000 (Kaifi et al., 2012, pp. 88-93). Which means, in 2020, Millennials will be aged around 24 to 39, taking up the most percentage of Jakarta's total population. They also prioritize social awareness on organizational responsibility and prefer work and/or business that is socially responsible (Hauw & Vos, 2010, pp. 93-302).

Along with globalization in Indonesia, millennials at most, have also absorbed a lot of global culture when implementing into culinary culture. One of the popular culinary cultures in Indonesia is fine dining. Fine dining refers to the cuisine and service provided in restaurants where food, drink, and service are expensive and usually enjoyed leisurely.

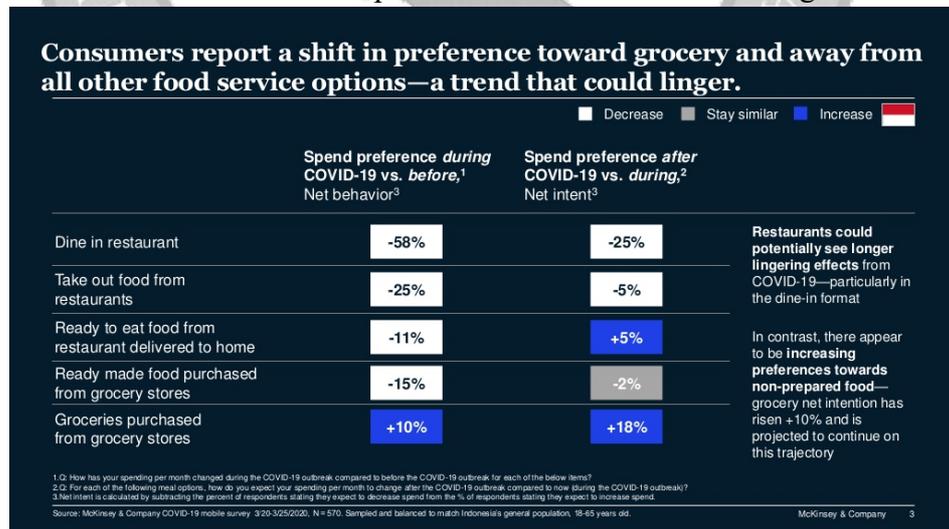
In experiencing fine dining, France has been equated with gastronomic prestige (fine dining), since the early 18<sup>th</sup> century. The focus of the dish has been about simplicity and elegance, creating rich and smooth flavors. The first elegant restaurant in America was called Delmonico's based in New York in 1830, led by a French chef, Charles Ranhofer. And until the end of the 20<sup>th</sup> century, the most prestigious restaurants were French, from London's La Mirabelle to San Francisco's La Bourgogne. Not only that

French cuisine gave impact on fine dining, it also impacted high-end restaurants to serve food in a French standard such as duck a l'orange or even food that's not even French like lamb chops (Freedman, 2016).

Due to COVID-19 or also known as Coronavirus Disease, major changes have happened to the world today. Coronavirus disease is an infectious disease caused by a newly discovered coronavirus. Most people infected with the virus will experience mild to moderate respiratory illness and most likely recover without requiring special treatments (WHO, 2020). It has been known to have no cure and vaccines are still being tested.

Primarily focused on the effect of COVID-19 to the food and beverage industry, consumers' have preferences towards grocery and away from all other food service options, it is also considered a trend that could linger until post-pandemic. (McKinsey & Company, 2020).

**FIGURE 1**  
Consumers Report A Shift in Preference Toward Grocery and Away from All Other Food Options – A Trend That Could Linger



Source: McKinsey & Company (2020).

The survey conducted by McKinsey & Company showed that there have been significant changes in consumer behavior during COVID-19

compared to pre COVID-19. Consumers to dine-in in restaurants decreased by 58%, consumers having take-out food from restaurants decreased by 25%, consumers having ready-to-eat food from restaurant to be delivered to home got decreased by 11%, and consumers having ready-made food purchased from grocery stores got decreased by 15%. But on the contrary, there is an increasing number of groceries purchased from grocery stores as much as 10% (McKinsey & Company, 2020). The survey shows that new adjustments are needed to cope with the change of consumer behavior.

The Indonesian Government took part and has implemented a Large-Scale Social Distancing (PSBB) policy in several regions. Apart from that, they also suggested physical restrictions and a large campaign of #StayAtHome. This policy also affects consumer behavior, 50% of Nielsen survey's respondents said they would reduce their entertainment activities outside the home. About 46% of consumers reducing their habit of eating out. On the other hand, 49% of consumers cook at home more often (Nielsen, 2020).

To handle the current pandemic situation, Tête-À-Tête Home-Dining Experience (*read: Thet-a-Thet*) forms a business that has been done during the French Revolution. In the past, as aristocratic household evolved, many chefs that used to cater wealthy and elite families started to look for new venues to horn their skills. Instead of working for just one family, chefs now cater private parties and give high-end elegant experience to more individuals (Matthew, 2020).

As a service provider that aims for the same purpose, Tête-À-Tête Home-Dining Experience presents as a solution by creating a sense of

security in celebrating important things at the customer's house. But differ from past services, Tête-À-Tête Home-Dining Experience as a restaurant-level fine-dining provider, offers a more complex and complete service starting from chef service with servers, table set-up, and even music. Tête-À-Tête Home-Dining Experience guarantees high standard of cleanliness and product quality in the customer's home, the open kitchen lets customers see for themselves how Tête-À-Tête Home-Dining Experience ensures customer satisfaction, safety, and comfort.

Tête-À-Tête Home-Dining Experience will have its warehouse as preparation kitchen and customer care office at Ruko Sanken block C no. 5. Pluit, North Jakarta. The location selection of Pluit is decided from a thorough analysis of traffic flow, cost of rent, visibility, access, and so on. Since Tête-À-Tête Home-Dining Experience will only provide dinners, the use of time is crucial and needed to be handled efficiently. Thus, choosing Pluit that has near access to tolls will be beneficial for the service operation.

## **B. The Objectives**

This study aims to find whether Tête-À-Tête Home-Dining Experience is feasible to be pursued accordingly to its market and marketing aspects, operational aspects, organizational aspects, and financial aspects.

## **C. Research Methodology**

This research requires qualitative and quantitative methods of research. Qualitative method is concerned with qualitative phenomenon relating to quality or variety. It is typically descriptive and involves looking in-depth at non-numerical data. Qualitative methods on this research would perform the natural and anthropologic theory used in this research.

Quantitative research is based on the aspect of quantity or extent. It is related to object that can be expressed in terms of quantity or something that can be counted. Quantitative research involves systematic experimental analysis of observable phenomenon via statistical, mathematical, computational techniques in numerical form such as statistics, percentages, etc. (Mishra & Alok, 2017).

In this feasibility study, quantitative and qualitative research method are used in explaining market and marketing aspect, such as theories and collecting questionnaire responds. While a qualitative approach is used to discuss operational and organizational aspects, using past theories from extended researches. In analyzing the financial aspect, a quantitative research approach is used as formulas are taken as references in calculating the business' finance.

#### **D. Theoretical Conceptual Overview**

##### **1. F&B Business**

To provide food and beverage outside of people's home is a substantial part of the activity of the hospitality industry, and especially for the economy as one. As the major part, food and beverage operations are divided by the diversity, for example the outlets that includes for private and public, the range from small to big, and how it is owned, whether it's independently or operated as units, even to be a large corporation in managing global brands. The service also ranged from catering, including in prison, to the most prestigious ones, in luxurious hotels around the globe.

There are some factors that decide how customers choose their food and beverage products. The factors are; the available menus, the quality of the products, including source, and the freshness of the products, the quantity or portion sized of the product offered by the business, the consistent standards of the products, the range of presentation of the menu offered, which include the color, texture, aroma, and taste, how precise the temperature of the product when served, price, and quality of the dining experience. Aside of the variety and quality of the product, the service would also affect how people would choose the products and place to dine. If the price of the product is high, the service should also meet the high price.

Along with product and service quality, atmosphere affects the most when people chose to dine in. When the mood and atmosphere meet with the right interior design, it would make the customer comfortable and would enjoy the product and service offered. Another aspect is the location and accessibility of the business. To be easy to be found and accessible to visit is one of the most important features as a business place. Aside of being easy to be found for customers, the strategic location would also help the business to run when they are close from the source. To also have enough parking lots for customers would also be a very important aspect for a business to run (Davis et al., 2018, pp. 26, 51-57).

## 2. Independent Catering Service

Independent catering services are also understood as private business catering service. They offer services to the general public.

These businesses do not work with permanent facilities or kitchen space, making them flexible in accessing work. Their kitchen production space may come from rented place or other extended facility (SHFM, 2018, p. 41)

### 3. Fine Dining

When the service and provided food and beverage products are served in a restaurant where the price is in the high range and enjoyed leisurely, this type of service in foodservice is called the fine dining. The experience is usually for a special occasion and in a formal way, sometimes it also would involve in business meeting and would include the cost on business expense. Most of the time, the guest would be invited for the occasion by a host. The prices of the menu differ, but mainly high. The income mostly comes from the wine sales. The budget is big for fine dining as mentioned it usually come from big occasion or party, or business meeting. It is in high price as it requires many highly trained chefs to cook the best menu, along with the excellent services offered. Aside of the service, the ware and used in the restaurant are usually expensive to meet the excellent dining experiences, along with the high-class atmosphere that includes painting, and interesting architectural features in the restaurant (Walker, 2018, p. 35).

### 4. Private Dining

Many restaurants and venues have private spaces within their establishment that allow the customers to dine privately from the rest of the restaurant, with only the guests invited. The customers can tailor these private dining rooms or event spaces to their design and needs,

depending on the occasion, from cuisine to the room decoration. This makes private dining an ideal way to celebrate an occasion or hold an event, for business or pleasure.

The customizing that private dining allows, unlike a regular meal in a restaurant, means the customers can create incredibly unique experiences in some of the most iconic and sought-after venues, whilst tailoring the facilities to their needs. For social occasions like a birthday party, customers can often create a bespoke birthday menu to their own taste and budget, decorate the room with balloons, pictures, and create a party atmosphere. Even customers can even hire in live entertainment like a music band, or a magician. If it's a corporate occasion, sometimes there is private dining spaces with multimedia facilities, such as a projector or other audio-visual equipment available (The PDD UK, 2016).

#### 5. COVID-19

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people, and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness. The best way to prevent and slow down transmission is to be well informed about the COVID-19 virus, the disease it causes and how it spreads. Protect self and others from infection by keeping distances, washing hands or using an alcohol-based rub frequently and

prevent hands from touching face. The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes (WHO, 2020).

## 6. Millennials

The most recent generation to enter the workforce are the Millennials, who are individuals born between 1980 and 2000. They are called Millennials because of their closeness to the new millennium and being raised in a more digital age (Kaifi et al., 2012). They tend to have a more aggressive customer behavior that leads them into spending more but have less loyalty to a specific brand, compared to other generations. Lower loyalty rates force businesses to expose greater price promotions. Millennials tend to match product or service to their personality, lifestyle, social and community values (Ayaydin & Baltaci, 2013). Millennials get engaged to brands by social networks and are emotional and hasty in making decisions. They demand uniqueness and self-determination on their purchasing power (Junker et al., 2016).

After a thorough theoretical conceptual overview, it is then decided that the business would be a part of the food and beverage sector, specifically an independent catering service that offers private dining services covering 4-course menu, a private chef with servers, table decoration, and entertainment. The target audience are Millennials of DKI Jakarta that have extra income above the minimum regional wage.