

CHAPTER I INTRODUCTION

A. Background

According to Law of the Republic of Indonesia, one of tourism industry sectors are service of food and beverages, and one way to develop tourism is by promoting it (Undang-undang RI 1998). Bali Brunch Restaurants (BB) both in Finland and the Netherlands are doing both, delivering Indonesian-related food and beverages while actively promoting Indonesia.

Throughout the world, food is everything that is needed for human well-being and life. The definition of food is not only limited to the foodstuff itself, but also includes the entire process involved in food supply, from production, distribution, to consumption. An American food writer, Fisher (2004), emphasized in his work with the phrase “First we eat, then we do everything else.”,(Kusumo, Halim, and Octovianus 2024) reflecting the (Indra et al. 2022) understanding that food is the core of all aspects of human life. Although gastronomy is inherently diffuse, some tangible, some intangible, changes in the structure of space, mainly through changes in social and economic structures and land use.(Indra et al. 2022)

In doing its business, Bali Brunch Restaurant innovates in many ways. Innovation can be conducted mainly (1) by adding novel activities (through forward or backward integration), (2) by linking activities in novel ways, or (3) by changing one or more parties that perform any of the activities (Ivkov et al. 2016).

The restaurant does not only thrive but survive many challenges life throws at it, such as COVID-19 pandemic, tight European Union food regulations, and competition from other restaurants. More importantly, BB is a unique phenomenon because the company has broken common recipes and common conception for Indonesian restaurant abroad to succeed, such as pricing (the price must be cheap and affordable) and authenticity (to be successful, Indonesian restaurant must sell authentic Indonesian cuisine) (*Bali Brunch, Indonesian Fusion Restaurant, n.d.*).

By strategically navigating the "strive" phase with focused on sustainability, innovation, and collaboration, Bali Brunch successfully transitioned to the "thrive" phase, establishing itself as a prominent player in the restaurant markets of Finland and the Netherlands. Their journey underscores the importance of resilience, continuous improvement, and a deep understanding of both local and broader market dynamics in achieving sustainable success.

After surviving and thriving in Finland, BB started operations in Amsterdam in 2022 (*Bali Brunch, Indonesian Fusion Restaurant, n.d.*). To understand how BB can survive and thrive, we must first understand several things, such as what is a Bali Brunch? What is its business innovation? What is Collaboration?

Bali Brunch Restaurant, or simply known as BB, is an Indonesian restaurant that is founded by several Indonesian youths and a Finn. Bali Brunch Restaurant is a limited company with its registered office in Helsinki,

and the main industry is Restaurant. It was founded in 2017. The restaurant operates in several cities in Finland, such as Helsinki and Espoo (*Bali Brunch, Indonesian Fusion Restaurant, n.d.*).

The notion of innovation is an important function positively linked to business performance (Harmancioglu et al., 2009). Ultimately, innovative new products help brands gain competitive advantage and develop higher product expectations resulting in better service quality (Oke,2007; Parasuraman, 2010).(Lemy, Goh, and Ferry 2019)

Interestingly, while many restaurants are struggling or even closes its operation during pandemic (Doan 2021), BB Restaurant expands its operation to the City of Amsterdam, the Netherlands after Covid pandemics. It has now 4 (four) establishments, Bali Brunch Redi at Redi Shopping Mall in Helsinki, Bali Brunch Espoo in the City of Espoo, Bali Brunch Kamppi at Kamppi Shopping Mall in Helsinki, Finland, as well as Bali Brunch 82 in Amsterdam, the Netherlands (*Bali Brunch, Indonesian Fusion Restaurant, n.d.*).

BB Restaurant sells many dishes, such as *Ribs Rica-Rica, Pulled Rendang, Beyond Tumis, Fried Chicken Rica-Rica, Vegan Wok, Ribs Rendang, Jamu, and King Sambal*. BB Restaurant stated that “at Bali Brunch, we are we are about happiness, from diversity Indonesia to simplicity Finland and now, Amsterdam”. The establishment also shares a story that “a Family started as an extra fun project to support life in general but with a big dream and end up doing it for 24/7 and going for the big dream. What's the dream? Life is simple, be happy and we apparently are happy since here we are”.

BB Restaurant does not only serves dine in, but also serves delivery through Foodora in Finland and Uber Eats in the Netherlands. The restaurant also provides catering services for many occasions, such as graduation, reunion, business gathering, baby shower, and many more. Its foods and services are of high quality that patrons often say “if this is the food, we want to see the country, Indonesia”.

Many Indonesian restaurant does not survive in Finland. They stop the operations because of several issues, such as financial issue, operation issue, promotion issue, and local food handling regulation issue. All of these issues fall into category of strategy and managerial challenges.

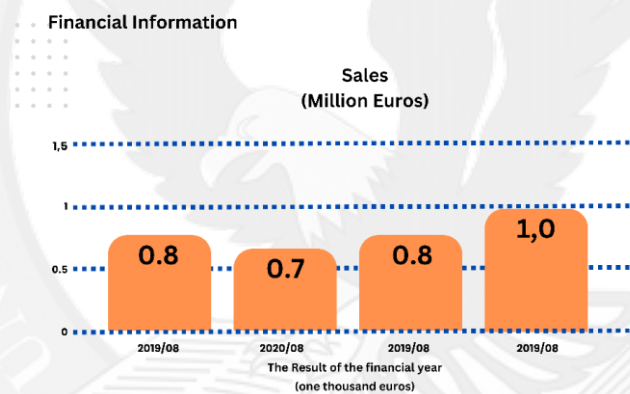
Some of them suspend their operations, change strategy from solely dine in into delivery services, and request support fund from local governments. Some of them, unfortunately, stop the entire operations. Examples of Indonesian restaurants that have discontinued their operations are ABC, located in Helsinki, Finland after several years of running the business and DEF in Tampere, Finland, only after a year trying to be in the restaurant business. ABC sold typical Indonesian foods, such as *Rendang*, *gado-gado* and *bakwan* the restaurant served lunch and dinner, dine in and catering. The owners consisted of Finn and Indonesians diaspora in Finland. DEF sold also typical Indonesian foods, such as *Rendang*, *Karedok*, *Gado-Gado*, *Mi Goreng*, *Nasi Kuning*, with buffet concept (or *prasmanan* in Indonesian language

There are 400 (four hundred) Indonesian culinary establishments in the Netherlands, such as restaurant, shop, and small culinary business. In its tourist

city, Amsterdam, there are more than 30 Indonesian restaurant that is currently operating. Moreover, there are hundreds of other restaurant establishments that becomes its competitors. The culinary industry has always been tied closely with tourism. (Pradipta, Hulu, and Riezqia 2023)

Because BB operates in both European Union (EU) countries, Finland and the Netherlands, this thesis will utilise Business Model Inovation (BMI) for Small and Medium Enterprise (SMEs) in the European Union. Small and medium-sized enterprises (SMEs) are defined in the *EU Recommendation 2003/361* (N.S.S. 1904).

Figure 1. Financial Information Bali Brunch Oy



Source: finder.fi

Figure 2. Categories of SMEs in the EU

Company category	Staff headcount	Turnover	or	Balance sheet total
Medium-sized	< 250	≤ € 50 m		≤ € 43 m
Small	< 50	≤ € 10 m		≤ € 10 m
Micro	< 10	≤ € 2 m		≤ € 2 m

Source: EU Recommendation 2003/361

The main factors determining whether an enterprise is an SME are 1) staff headcount, and 2) either turnover or balance sheet total.

In terms of business innovation, Heikkilä, Bouwman, (Heikkilä et al. 2018) explain that business model innovation is "a process or activity in which the core of a company and its business logic are intentionally changed." This means that as part of the change, the initial business strategy direction is adjusted to new market conditions. These changes can be triggered by technological developments or increased competition. To create innovation, companies need to focus on improving their core activities. The business model innovation process consists of several steps, such as initiation, ideation, experimentation, and implementation (Heikkilä et al. 2018).

To explain the journey of Bali Brunch Restaurant, this thesis uses Business Model Innovation (BMI) that is based on Business Model Canvas. The innovation can consist of innovation in strategies related to customer segments, customer relationships, channels, value proposition, key activities, key resources, key partners, cost structure, and revenue streams.

The purpose of discussing Bali Brunch's innovative journey from striving to thriving in Finland and the Netherlands is to provide a comprehensive case study that highlights practical strategies for overcoming market entry challenges, fostering innovation, implementing sustainable practices, and leveraging collaboration for business success. By doing so, we aim to offer valuable insights and actionable lessons for other businesses and

entrepreneurs seeking to expand into international markets while maintaining a commitment to sustainability and operational excellence

This study utilizes qualitative research method. Analysis explored with inductive train of thought and a case study of Bali Brunch Restaurant. Data gathering is conducted through primary and secondary data. The technique of data gathering will be observation non participatory and structured participation. The interview will be semi-structured. Audio-visual will also be used to enrich the analysis.

B. Research Question

This study's research question is:

How is Bali Brunch Indonesian Restaurant's Innovative Journey from Strive to Thrive in Finland and the Netherlands?

1. How is the journey of Indonesian Restaurants in Finland Relate to BMI?
2. What is Restaurant Business obstacle in Finland in terms of implementing the BMI?
3. How does Bali Brunch Restaurant expand from Finland to the Netherlands Related to BMI ?

C. Research Objective

The objectives of this research are to:

1. To analyze the development of Indonesian Restaurants in Finland;
2. To analyze Restaurant Business obstacle in Finland;

3. To analyze innovations utilizing Business Model Innovation (BMI) that Bali Brunch Restaurant applied throughout its innovative journey in Finland and the Netherlands from year 2017 to year 2023; and
4. To analyze the strategy of Bali Brunch Restaurant in doing the expansion from Finland to the Netherlands.

D. Benefits of the Research

1. **Benefits to the Tourism Industry:** This research has important benefits for the tourism industry because it can reveal a rare and interesting phenomenon regarding Indonesian restaurant innovation in Europe, with the case of the success of Bali Brunch Restaurants despite being faced with various challenges. This research allows the tourism industry to understand the strategies used by Bali Brunch and explains why this restaurant was able to succeed while other restaurants experienced difficulties and even stopped operating. The results of this research can provide valuable insights for stakeholders in the tourism industry, enabling them to adopt best practices and possibly implement them to increase the attractiveness of tourism destinations.
2. **Benefits for Academics:** For academics, this research has benefits because it can be a significant source of knowledge in the field of business and tourism studies. This can provide a concrete case study of the strategies and innovations used by Bali Brunch, which can be used to deepen understanding of restaurant management, international business, and

marketing strategy. In addition, this research can enrich academic literature with new insights into how Indonesian restaurants can succeed in the European market, which can be used as a reference in studies and teaching at universities.

3. **Benefits for the Government:** For the government, this research has benefits to provide valuable information about how Indonesian restaurants can succeed abroad, especially in European Union member countries that have similar socio-economic characteristics to Finland and the Netherlands. This can be the basis for developing better policies and support for Indonesian entrepreneurs who wish to invest abroad. Apart from that, the results of this research can also help the government understand the factors that support the growth of the Indonesian restaurant business abroad, which in turn can contribute to the promotion of Indonesian culinary delights as part of cultural diplomacy and tourism.

E. Research Systematics

This research discuss the innovative journey of Bali Brunch Restaurant in Finland and the Netherlands from year 2017 to 2023 ,Hence, this research divided into interconnected 5 (five) chapters, namely:

1. **Chapter I. Introduction.** In this introduction section, the research describes briefly the Bali Brunch Restaurants in Finland and the Netherlands. Moreover, the research shows 4 (four) main research questions, together with research purposes, research benefits, and research systematics.

2. Chapter II: Conceptual framework. This research will explain the conceptual framework utilized in this research, namely Business Model Innovation (BMI). Moreover, this research will use Indonesian Law related to tourism industry, namely food and beverage industry. Furthermore, this research will explain challenges and opportunities.
3. Chapter III: Methodology. This chapter will explain the method used by this research to answer the research question.
4. Chapter IV: Result and Discussion. This chapter will discuss the findings of the research.

