

CHAPTER I

INTRODUCTION

A. The Initial Idea

The definition of tourism is the act and process of spending time away from the place where individuals usually live with the purpose of relaxation, healing, recreation or pleasure while utilizing the commercial provision of services (Walton, 2024). Tourism Industry are all the businesses related to companies that provide services for individuals who travel from one place to another. These individuals are called travelers. This business includes restaurants, attractions, accommodation, and a variety of transportation (Rudman, 2023).

Tourism is associated with hospitality management. One of the industries from this sector is the food and beverage industry. The food and beverage industry are all companies that are involved in processing raw food materials into edible food as well as packaging and distributing them. Businesses that are included in this industry are restaurants, pubs, cafeterias, and many more. The food and beverage services are associated with the hospitality industry where individuals are provided with food and drinks (Pratt, 2022).

The main objective to open a food and beverage industry is related to product innovation, customer satisfaction, revenue growth, and sustainability efforts. In short, this industry aims to enhance the quality of their products while maintaining cost efficiency in order to gain profit. Aside from that, the food and beverage industry consists of management roles such as menu planning, cost control, staff management, procurement of ingredients, customer service, and ensuring compliance with health and safety regulations. There are several types of food and beverage services which includes fine dining restaurants, casual dining restaurants, buffet service, coffee shops, fast-food restaurants, food trucks, and cloud kitchens.

The core idea behind choosing the topic of a Japanese fusion restaurant business was inspired from the rising population of Bali particularly from the increase of visitors and popularity in Bedugul area. Bedugul, a town in Bali's highlands, is a renowned tourist attraction, attracting thousands of visitors each year (Mardikawati et al., 2024). It is recognized for its remarkable environmental elegance, Bedugul presents serene panoramas of lakes, vast floral gardens, and refreshing mountain air. Travelers looking for a genuine

cultural and natural experience will find Bedugul to be the perfect destination thanks to the tourist attractions. Due to its natural beauty and variety of activities, Bedugul is one of the most popular tourist destinations in Bali. This is further corroborated by Bedugul's high standard tourism offerings, which have a big impact on tourists' enjoyment. Nowadays, Bedugul has evolved from a remote area far from town into a favorite destination for both domestic and tourists from around the world (Sujarwo, 2019).

TABLE 01
List of Top Rated Restaurants in Candikuning, Bedugul Area

No.	Restaurant Name	Type of Food	Price Range (per person)
1.	Rumah Gemuk Bali	Indonesian, Asian	Rp.100.000 – Rp.200.000
2.	De Danau Lakeview Restaurant	Indonesian, Asian	Rp.50.000 – Rp.100.000
3.	House of Tundra	Indonesian, Western	Rp.20.000 – Rp.100.000
4.	Rusa By The Lake	Indonesian, Asian, Western	Rp.100.000 – Rp.150.000
5.	Strawberry Stop	Indonesian, Western	Rp.25.000 – Rp.50.000
6.	Restaurant Ulun Danu Beratan	Indonesian, Asian, Western	Rp.50.000 – Rp.100.000
7.	Saras Restaurant	Indonesian	Rp.25.000 – Rp.50.000
8.	Hot Sugar Café	Indonesian, Asian, Western	Rp.25.000 – Rp.50.000
9.	Teras Lempuna	Indonesian, Asian, Western	Rp.25.000 – Rp.50.000
10.	Waroeng Glory Pizza	Italian, Western	Rp.50.000 – Rp.100.000

Source: Data Processing (2024)

Based on the data, despite Bedugul's growing appeal as a tourist destination, its culinary offerings remain predominantly centered around Indonesian and Asian cuisines. Field observations and data from the top-rated restaurants in the area reveal a noticeable absence of Japanese fusion food,

highlighting an untapped niche. Considering the rising global demand for Japanese cuisine, this presents an opportunity for Mizuen Japanese Fusion Restaurant to address the unmet demand while leveraging Bedugul's serene environment and increasing visitor numbers. This unique combination of scenic appeal and innovative cuisine positions Mizuen as a significant contributor to enhancing Bedugul's dining landscape.

A number of challenges were found during doing the research. Finding premium, fresh ingredients for the fusion dishes especially seafood and authentic Japanese ingredients is a significant difficulty since these ingredients are necessary to uphold the restaurant's high culinary standards. Given Bedugul's location and logistical limitations, interviews with local restaurant owners further underlined the challenges in guaranteeing a regular supply of these premium foods. In addition, the restaurant faces operational challenges due to a lack of qualified chefs with experience in Japanese cuisine. Competitors in Bedugul mainly serve regional and Western-style food, which leaves the Japanese fusion market relatively unexplored and makes it more difficult for Mizuen to successfully position itself to draw customers (Data Processing, 2024).

Bali's food tourism industry has grown to be a significant factor in restaurant success. Travelers are more interested in trying out unique cuisine, especially in places like Bedugul that have beautiful scenery but few dining options. This gives Mizuen Japanese Fusion Restaurant the chance to satisfy the unmet demand for fusion food by fusing creative Japanese cuisine with Bedugul's tranquil lakeside dining experience.

The abundance of visitors that are attracted to visit Bedugul are targeted to experience Japanese fusion cuisines. Hence, “Mizuen Japanese Fusion Restaurant” was inspired to be established. “Mizuen” is a Japanese term which is a combination of two words which are “Mizu” which means water and “En” which means edge. In short, “Mizuen” means the edge of water which depicts the restaurant concept as the restaurant is projected to be located in a strategic spot which makes customers experience the beautiful scenery of the lakeside view while enjoying Japanese food from the restaurant. This business solves the problem of the limited food options in Bedugul by providing Fusion Japanese cuisines while offering an experience of the panoramic view of the mountains and lakeside at Bedugul. The ingredients utilized for this business will be always fresh and maintained quality control on a daily basis in order to sustain

the consistency of the taste. Customers will also be able to takeaway, order delivery, and customize their own sushi platter with a prior notice on at least two to three days beforehand. Lastly, this business also aims to support the community by using several ingredients from the local farmers in that particular area.

TABLE 02
Number of Foreign Visitors to Bali

Total Number of Visitors (Person)	2019	2020	2021	2022	2023
	6.275.210	1.069.473	51	2.155.747	5.273.258

Source: Badan Pusat Statistik/BPS-Statistics Indonesia (2021)

Based on the data provided above, Bali's tourism industry has shown remarkable resilience post-pandemic, with visitor numbers rebounding sharply, reaching over 5.2 million in 2023. This resurgence reflects not only the island's enduring global appeal but also a shift toward exploring less crowded destinations like Bedugul. By offering a lakeside dining experience with Japanese fusion cuisine, Mizuen aligns with the growing preference for unique and tranquil culinary experiences, making it a strategic addition to the region. Hence, the popular tourist destinations in Bali will be overpopulated such as Canggu, Kuta, Seminyak, Legian, Ubud, etc. This will give remote areas an opportunity to gain many more visitors

as they will need a place to relax and experience the natural beauty of Bali which Bedugul will offer since it is located far away from town.

The market analysis for Mizuen Japanese Fusion Restaurant in Bedugul, Bali, focuses on understanding the demand for Japanese fusion cuisine in the area, analyzing the competition, and identifying the target audience. Japanese cuisine, especially sushi, is on the roll in Indonesia meaning it has gained popularity in which Indonesian consumers have developed a high interest in Japanese cuisine. Consumer interest is growing but some creations are more mashup than fusion (Neubauer, 2020). Japanese cuisine in Indonesia offers a variety starting from authentic taste or even fusion dishes which combine local Indonesian ingredients and Japanese style of preparation. According to Neubauer, (2020), the mashup of Indonesian and Japanese dishes are popular among the country due to the combination of shared emphasis on umami flavors as Japanese food tends to generate these umami flavors from raw fishes, edible seaweed, and soy sauce or miso whereas Indonesian food generates these flavors from shrimp paste, shallots, galangal, and other common Indonesian ingredients. It is known that the authentic Japanese foods has a

taste profile of soft and subtle flavors while Indonesians prefer foods that are rich in flavor with lots of spices and sweetness (Neubauer, 2020). Mizuen is projected to combine these two elements in order to invite a lot of potential guests and become the leader of the new market.

As Bali remains one of the top tourist destinations globally, attracting millions of international visitors each year, there is a growing interest in international cuisine, including Japanese fusion food. Food tourism has become a significant driver of restaurant success in tourist-heavy regions, with international visitors seeking a variety of food experiences. This demand is particularly relevant in areas like Bedugul, where there is an opportunity to introduce high-quality, fusion Japanese cuisine to a diverse tourist demographic.

Based on the data, visitor numbers sharply increasing after the pandemic, from 2.1 million in 2022 to over 5.2 million in 2023 (Badan Pusat Statistik/BPS-Statistics Indonesia, 2021), the influx of foreign tourists presents a large potential customer base for Mizuen. Additionally, the growing trend among domestic travelers in Bali, who seek out new and unique dining experiences, further highlights the undiscovered market

potential for Japanese fusion cuisine in Bedugul.

Currently, Bedugul offers limited options for international cuisine, with the majority of food establishments focusing on local Balinese and Indonesian food. There are a few restaurants offering Western or Asian fusion dishes, but very few specialize in Fusion Japanese cuisine. This lack of competition in the Japanese food sector presents an opportunity for Mizuen to fill a niche market. Mizuen will focus on offering Japanese fusion cuisines in a serene lakeside setting, providing a unique dining experience that will stand out among other local establishments.

B. The Objectives of the Feasibility Study

The purpose of this business feasibility study is to analyze the factors present in Mizuen Japanese fusion restaurant business to determine whether the Mizuen Japanese fusion restaurant is viable to operate or not. These objectives can be categorized as follows:

1. Major Objectives

It includes several aspects of business feasibility related to the planning of establishing a business, namely:

a. Marketing Aspect

- 1) Analyze the business prospects by examining the demand and

supply of the restaurant's products.

2) Analyze the segmentation, targeting, and positioning (STP) of

Mizuen in the market.

3) Analyze the marketing mix of the business, which includes product,

price, distribution, promotion, human resources, packaging, programming, and partnerships.

b. Operational Aspect

1) Analyze the location, facilities, and space requirements for the restaurant to operate effectively.

2) Assess the operational procedures and workflows to ensure smooth service delivery and consistency.

c. Organizational Aspect

1) Evaluate the organizational structure required to manage the restaurant efficiently, defining key roles and responsibilities.

d. Human Resources Aspect

1) Determine the number and quality of staff required to meet the restaurant's operational needs.

2) Assess the necessary training and development programs to ensure

employees are well-equipped to deliver high-quality service and support Mizuen's brand.

e. Financial Aspect

- 1) Analyze the initial capital investment and ongoing operational costs needed to run Mizuen.
- 2) Forecast the restaurant's revenue potential and expenses, ensuring that the business can maintain profitability over time.

2. Minor Objectives

It includes other objectives to be achieved from establishing the Mizuen Japanese fusion restaurant business, namely:

- a. Generate profits from the restaurant's operations.
- b. Create job opportunities for the local community.
- c. Contribute to the growth of the hospitality and restaurant industry in Bedugul, Bali.
- d. Introduce a new concept of Japanese fusion dining, pairing unique flavors with local ingredients, to the Indonesian market.
- e. Showcase a modern and elegant architectural design through the restaurant's building and interior.

- f. Provide diverse and innovative food and beverage options to meet the evolving tastes and preferences of customers.

C. Methodology

The research method for this business feasibility study employs a descriptive analysis approach. Descriptive analytics is used to examine historical and current data to identify patterns and trends. It is the most basic form of analysis as it focuses on revealing what is happening, without delving into deeper insights or underlying causes (Bhandari, 2021). The study targets five key areas: market analysis, operational efficiency, organizational structure, human resources, and financial health. Both primary and secondary data are utilized to gain a comprehensive understanding of how Mizuen Japanese Fusion Restaurant can position itself strategically in the marketplace.

1. Primary Data

Primary data refers to original, firsthand information collected directly by the researcher for a specific purpose. This type of data is known for its accuracy and relevance, as it is specifically designed to meet the objectives of the study. Common methods for collecting primary data include:

- a. Surveys: A primary method for gathering quantitative data, surveys can be conducted in various ways such as in person, over the phone, or via email.

Though time-consuming due to participant recruitment, surveys provide highly accurate and relevant data.

b. Observation: This involves observing and documenting natural occurrences, such as spending time in a restaurant to monitor the environment, staff, and customer behavior.

c. Interviews: This method is useful for uncovering deeper insights into participants' preferences, attitudes, or behaviors. Interviews can be one-on-one or in groups, offering valuable perspectives on motivations and experiences (George, 2023).

For Mizuen Japanese Fusion Restaurant's business feasibility study, primary data is essential to obtain accurate and relevant insights for shaping the restaurant's concept. Several key methods will be utilized to gather this data:

a. Observation: This will involve observing the operations and customer behaviors at similar establishments, such as restaurants in the Bedugul area and other tourist destinations. Key focus points include staff interactions, dining flow, food and beverage service, and customer engagement with the fusion menu concept.

b. Surveys: An online survey distributed through platforms like Google Forms will collect customer feedback on the appeal of a fusion Japanese restaurant, preferences for fusion dishes, and ideal beverage pairings. The survey will target potential customers aged 18 to 60 in both local and tourist populations to understand their preferences for Japanese fusion cuisine, pricing, and the overall dining style.

c. Interviews: One-on-one or group interviews with potential customers and industry experts will explore their motivations, preferences, and behaviors. These interviews will provide valuable insights into customer expectations for the Mizuen Japanese Fusion Restaurant dining experience, focusing on factors such as taste preferences, ambiance, and service quality.

2. Secondary Data

Secondary data refers to information that has been previously gathered by other researchers or institutions for different purposes but is utilized by the current researcher to support their study. This data, while not collected firsthand, provides valuable context and support to new research efforts. Common sources of secondary data include websites, academic books, government reports, journal articles, and internal

organizational records (George, 2023).

For Mizuen Japanese Fusion Restaurant, secondary data is essential in providing additional background information to bolster the business feasibility study. This data aids in understanding trends related to Japanese fusion cuisine, customer dining preferences, and the overall market for fusion restaurants. Sources for Mizuen's study include academic books, journal articles, and relevant publications that provide insights into food service management, consumer behavior, and market conditions. Furthermore, journal articles and industry reports will offer valuable information on similar fusion dining establishments, enabling Mizuen to benchmark its operations against other successful Japanese fusion restaurants.

D. Theoretical Conceptual Review

1. What is a Restaurant?

Restaurant is an establishment where individuals can purchase and consume food and beverages. Despite it may offer takeaway and delivery service, originally it is a place which provides guests a seat to sit down for a meal (Barten, 2024). The industry consists of traditional restaurants but also is incorporated with a variety of business such as coffee shops and bars

which serve food, gastropubs, and fast food outlets. Restaurant offers standard everyday meals, light bites, to gourmet dishes prepared by professionally trained chefs. Restaurants are usually a stand-alone business however some are associated with another enterprise such as a hotel or leisure facility.

2. The History of Restaurant

The history of restaurant started from a public dining room originated in France. The French have continued to make major contribution towards the restaurant development. The first restaurant is believed to be a soup vendor who opened his business in Paris in 1765 (Barten, 2024). The signage above the door advertised *restoratives* which refers to the broth and soup available within the shop. Later on, the institution took the name from that particular signage and the term restaurant was formed which now refers to a public eating place.

3. Types of Restaurant

According to Barten (2024), there are several types of establishments in the restaurant industry.

a) Casual dining restaurant

Casual dining restaurant is a place that offers informal dining experience due to the food which are sold at a mid-range price point and offer table service as the norm. This restaurant creates a pleasant surroundings in which guests can enjoy their meal without feeling a formal atmosphere compared to a fine dining establishment.

b) Fast-Food Restaurant

Fast-food restaurants like McDonald's and KFC focus on speed, convenience, and affordability. They serve pre-made, standardized food, often using processed ingredients. Customers can dine in, take out, or use drive-through services.

c) Fine Dining Restaurant

Fine dining targets a high-end clientele, offering multi-course meals in a luxurious setting. These restaurants feature full table service, sophisticated décor, and a formal atmosphere, with dress codes and etiquette expected.

d) Brasserie and Bistro

Brasseries and bistros are small, upscale restaurants offering carefully prepared dishes. Inspired by French or Mediterranean cuisine,

they provide a more refined dining experience while being less formal than fine dining.

e) Café and Diner

Cafés serve light meals in a relaxed setting, often with outdoor seating.

They offer coffees, teas, and snacks like sandwiches and pastries.

Diners offer a similar informal vibe, allowing patrons to linger over their meals.

f) Bar and Pub

Pubs now offer extensive menus, with many becoming gastropubs, where food takes center stage. Bars typically have limited dining options but increasingly offer a variety of dishes to complement drinks.

g) Pop-up Restaurant

Pop-ups are temporary or unique dining experiences in quirky locations. They allow chefs to experiment with new concepts, offering novelty and exclusivity to customers.

h) Buffet-Style Restaurant

Buffets offer a variety of self-service dishes at a set price. Guests can choose from soups, salads, and hot or cold main dishes, with some

buffets focusing on specific cuisines or regions. Wait staff mainly clear tables and take drink orders.

4. Understanding Fusion Restaurant

Fusion restaurant is a dining place which offers fusion food as their main selling point. Fusion food is the practice of combining diverse culinary traditions, techniques, and ingredients in order to form an innovative and harmonious dishes (Mohamed, 2023). In other words, fusion cuisine combines the dishes, techniques, and ingredients of two or more culinary traditions in order to develop something new. The primary distinction between fusion food and traditional cuisine lies in the creative combination of ingredients and techniques in which traditional cuisines tend to follow established recipes and preparations specific to a particular culture, whereas fusion food breaks those boundaries to make something new (Mohamed, 2023). Fusion foods was born due to immigration to a certain area such as Indonesia and Chinese, Japanese and Italian, or even Chinese and American. The start of fusion cuisine is associated with Pan-Asian foods in which a French chef used Chinese and Vietnamese ingredients to spice up and enhance the flavor of rich French cooking in the 1970s that made a

worldwide movement of fusion restaurants (Mohamed, 2023).

Japanese fusion restaurant is a place which offers fusion cuisine as their signature dish. This cuisine has both Japanese cuisine elements and foreign elements in one dish. Japanese fusion combines the type of dishes often discovered in western countries such as hamburgers, omelets, and steak however only utilizing Japanese ingredients. Techniques like this not only adds a twist towards the original dish but it also enhances the flavors to suit the Japanese people taste palates. This method is called as modifying foods which just transformed western food into a very own type of fusion Japanese cuisine (Neubauer, 2020).

The foods which are born by modifying western food into Japanese cuisine is called *yoshoku*. *Yoshoku* refers to western-style cuisines that were born during the Meiji restoration in Japan, in which that time the country sought modernization. Due to the eagerness to incorporate western ideas for societal progress, Japan adopted many western dishes but had to make something relying on local resources. Some popular *yoshoku* consists of *curry rice*, *doria*, *napolitan*, *tonkatsu*, and *omurice* (Hirata, 2018)

Aside from *yoshoku*, there are a variety of fusion Japanese dishes such as a fusion dish of French cuisine and Japanese cuisine which is croquette, a ball coated with breadcrumbs and filled with ingredients such as fish or meat and vegetables combined with *foie gras* which is a staple French dish made from the liver of goose. Furthermore, there is also Japanese and Chinese fusion which are *Ramen* and *Gyoza* which were born due to a Chinese scholar who introduced their local cuisine to Japan in the 1600s.

Lastly there is also Mexican and Japanese fusion which is the Taco rice that was developed in the 1980s which started gaining popularity in Okinawa prefecture, Japan.

5. Types of Service in a Restaurant

There are several types of restaurant service styles used to serve customers (Delgadillo, 2021), these are the four common types of services that can be found in a restaurant:

- a) American Service: Meals are pre-portioned and plated in the kitchen, then served directly to the guests by the server.
- b) French Service: A more elaborate table service where food is prepared

and arranged in the kitchen, but presented on a *gueridon* by the server, who plates it directly at the table.

c) Russian Service: Dishes are pre-arranged on silver platters in the kitchen and brought to the table, where they are served onto individual plates.

d) English Service: Food is prepared in the kitchen but not portioned. For example, a whole roast is brought to the table and carved in front of the guests before serving.

6. Types of Menu in a Restaurant

According to Cousins, et al, (2023), restaurants generally use two main types of menus to inform customers about their product offerings:

a. Table d'hôte Menu/Set-Menu

This type of menu restricts the choices available to customers, typically offering only three or four courses. The prices are fixed, and the dishes are served at specific times, such as breakfast, lunch, or dinner. Over time, the table d'hôte menu has evolved into different variations, explained below:

1) Banquets: This menu offers a pre-selected set of dishes, without giving the customer the option to choose individual items. However, it can be modified

based on special dietary requests, such as vegetarian or gluten-free options.

- 2) Buffets: This menu is typically available in multiple pricing packages, based on what customers choose to pay for. Buffets often feature a wide range of food items, from appetizers to main courses, and are commonly used at events like weddings or conferences.

- 3) Coffee Houses: A modern variation of the table d'hôte menu, these are available for extended periods, often ranging from 12 to 18 hours a day. Prices vary depending on the specific food or beverages ordered, and the menu usually offers a wide selection.

- 4) Cyclical Menus: These menus change periodically. For example, a restaurant may update the dishes offered every few weeks or months, allowing them to introduce new seasonal or special items.

b. A La Carte Menu

The a la carte menu offers greater variety compared to the table d'hôte menu. The dishes are generally organized by category, and meals are prepared to order based on the customer's specific selections.

7. Application of Theoretical Foundation in Related Business: Mizuen Japanese Fusion Restaurant

Mizuen Japanese Fusion Restaurant is a unique dining establishment located in Bedugul, Bali, focusing on fusion Japanese cuisine while leveraging the natural beauty of its lakeside location. The restaurant uses an à la carte menu system, offering a variety of individually priced dishes, allowing guests to customize their dining experience according to their preferences. The restaurant adopts the American Service style, where dishes are fully prepared, portioned, and plated in the kitchen before being served directly to the table by the waitress. This service style ensures efficient delivery and presentation, offering customers a polished and well-organized dining experience without the need for them to interact with the preparation process. The à la carte menu includes a wide selection of sushi, ramen, tempura, and fusion dishes that blend Japanese flavors with fusion taste. The focus is on freshness and quality, with an emphasis on locally sourced ingredients that support sustainability and promote cost efficiency. Seasonal ingredients are often incorporated into the menu to keep offerings fresh and innovative, aligning with Mizuen's commitment to delivering both traditional and modern Japanese cuisine. While Mizuen's primary focus is on food, it also offers a selection of drinks including Japanese sake and beer

to enhance the dining experience. Non-alcoholic options, such as mocktails and Japanese teas, are also available, catering to diverse guest preferences. The restaurant's ambiance is designed to match the high-quality dining experience. It features both indoor and outdoor seating, allowing guests to enjoy their meals while taking in the scenic views of the nearby lake. The interior design is modern with subtle Japanese influences, creating a tranquil yet sophisticated atmosphere. Mizuen Japanese Fusion Restaurant prioritizes customer choice and flexibility through its à la carte menu, enhanced by the efficient American Service. The combination of fresh, seasonal ingredients and scenic dining makes it a standout destination for both locals and tourists seeking an elevated culinary experience in Bali.