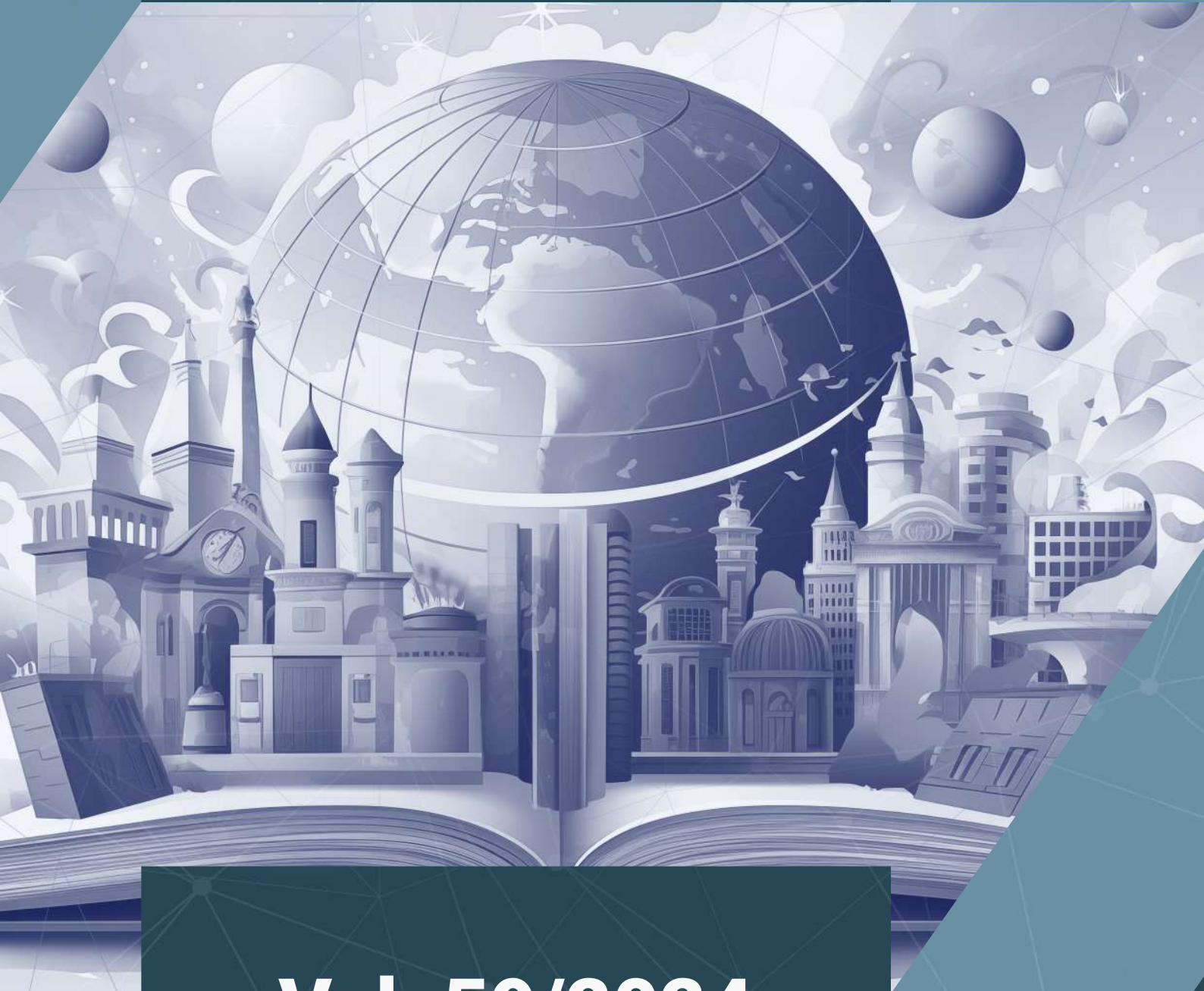




TECHNIUM
SOCIAL SCIENCES JOURNAL



Vol. 59/2024
A New Decade for Social Changes

PLUS
COMMUNICATION P



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Communication & PR

Food Franchise Business in Indonesia

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Abstract. This research analyzes market trends and key factors that influence the success of the franchise industry in Indonesia. Through a descriptive and exploratory approach, data was obtained from surveys, interviews, case studies, and document analysis. Market trends show diversification of the franchise sector and a shift in consumer preferences towards value-added brands. However, regulatory, technological, and fierce competition challenges also arise. Success factors for franchise businesses include a robust business model, strategic location, competent management, and smooth operations. Business models and management strategies support each other to achieve success. The government's role in developing the franchise industry includes clear regulations, training, and promotion. Popular food and beverage franchises in Indonesia, such as Ayam Sabana, Kebab Baba Rafi, and Tahu Jeletot Taisi, offer promising business opportunities with affordable start-up capital. Support from the management team and a proven business concept help strengthen the franchise's position in the competitive market.

Keywords. market trends, success factors, business models, management

INTRODUCTION

The franchise industry has become an increasingly popular business model in Indonesia in recent years. With steady economic growth and an ever-increasing number of consumers, the opportunity to run a franchise business is increasingly attractive to entrepreneurs. Franchising allows entrepreneurs to take advantage of the brand recognition and support of the franchisor in running their business. However, success in a franchise business is not guaranteed and requires a good understanding of market trends and factors that influence success (Ilham & Urbanization, 2023).

Even though the opportunity to run a franchise business in Indonesia is quite promising, many entrepreneurs still need help achieving success. Some problems faced by franchise entrepreneurs are a need for more understanding of local market trends, a lack of support from the franchisor, and issues in operational management. Therefore, this research aims to analyze market trends and key factors that influence the success of franchise businesses in Indonesia (Bagja et al., 2019).

Several studies have been conducted on the franchise industry in Indonesia. This research will provide a new contribution by analyzing the latest market trends and factors that are specifically relevant to the context of franchise businesses in Indonesia. It will also provide

concrete recommendations for entrepreneurs who are interested in running a franchise business. Thus, this research can offer valuable insights to entrepreneurs and other stakeholders in the Indonesian franchise industry.

This research aims to analyze market trends and key factors that influence the success of franchise businesses in Indonesia. By understanding these trends and factors, this research aims to provide franchise entrepreneurs with a better understanding of how they can succeed in running a franchise business in Indonesia and help increase their competitiveness in an increasingly competitive market.

LITERATURE REVIEW

The franchise industry in Indonesia has experienced impressive growth in recent years. This reflects improvements and marks a significant transformation in the national business landscape. From a deeper perspective, this phenomenon is manifested in real terms through a number of franchises that have emerged in various sectors, covering vital segments such as food and beverages, services, and retail. As time passes, this growth is not sporadic but appears as an accumulative result of several interrelated factors (Nugroho & Urbanization, 2023).

The franchise industry's growth in Indonesia results from stable economic conditions, which provide a solid foundation for overall business growth. Moreover, this phenomenon is also driven by the increase in people's purchasing power, which triggers demand for various products and services offered through franchise business models. In addition, adopting a proven successful franchise business model from abroad has brought a breath of fresh air to domestic industry players, providing a real example of the potential for success that can be achieved through solid partnerships ((Halim, 2013).

However, behind the glittering growth, the franchise industry in Indonesia also faces challenges that must be addressed. One of them is increasingly fierce competition from local and international franchise brands, which requires business people to continue to innovate and develop smart marketing strategies to survive in an increasingly competitive market. Additionally, regulatory and policy obstacles often become stumbling blocks to the growth of this industry. Therefore, close cooperation between the government, franchise companies, and industry associations is needed to create an environment that supports further development (Syahidah & Asikin, 2023).

With the proper support and responsive adaptation to market dynamics, the franchise industry in Indonesia has undeniable potential to continue to develop and make an increasingly significant contribution to the country's economic growth. By continuing to maintain positive momentum and overcoming existing challenges, the franchise industry in Indonesia can become one of the main driving forces in accelerating national economic progress (Harahap & Erma, 2022).

RESEARCH METHOD

The research methods applied to understand the franchise industry in Indonesia include descriptive and exploratory approaches. Data is collected through surveys, interviews, case studies, and document analysis, enabling a deep understanding of market trends, business success factors, business models, and management strategies. Surveys are used to gain insight into consumer preferences and market trends, while interviews with franchise owners provide direct insight into their experiences. In-depth case studies on franchises help explore the factors influencing success or failure. Analysis of documents such as industry reports and government regulations provides a broader context. With this approach, research can provide a

comprehensive understanding of the dynamics of the franchise industry, guide stakeholders to optimize their business, and contribute to the country's economic growth.

RESULT AND DISCUSSION

Market Trends

Market trends in the franchise industry in Indonesia have shown interesting dynamics in recent years, reflecting significant evolution in consumer preferences as well as changes in business paradigms. The rapid growth in the number of franchises emerging reflects the high public interest in this business model. In the past, most franchises in Indonesia paid attention to the food and beverage sector. Still, over time, there has been significant diversification where the service, retail, education, and health sectors have begun to receive greater attention. This indicates the adaptation of the franchise concept to changing market needs and the industry's ability to continue to innovate and adapt (Pohan, 2020).

Market trends also highlight changing consumer preferences. Consumers are likelier to choose franchise brands that offer added value, such as desirability, product or service quality, and unique customer experiences. This creates pressure for franchise companies to focus on increasing sales and pay attention to customer satisfaction and loyalty. Therefore, franchise companies that can capture and exploit these trends will have a competitive advantage in meeting consumer expectations (Hotmauli & Syafganti, 2022)

However, while positive trends like these are emerging, the franchise industry faces new challenges. One of them is adapting to technological developments and changing consumption patterns. Franchise companies that are able to quickly adopt technology, such as online ordering platforms or digital payment solutions, will be able to expand their market reach and increase operational efficiency. However, adapting this technology is not always easy and requires significant investment and changes in company culture and work processes. Apart from that, the franchise industry is also faced with complex regulatory and policy challenges. In contrast to independent businesses, franchises are often subject to specific rules governing the relationship between the franchisor and franchisee, including aspects such as royalty sharing, brand protection, and settlement agreements. Therefore, franchise companies must understand and comply with these regulations to avoid legal and reputation risks.

Thus, while positive market trends bring growth opportunities for the franchise industry in Indonesia, companies in this sector must also be prepared to face complex and diverse challenges. With the right strategy, continuous innovation, and strong partnerships between franchisors and franchisees, the franchise industry in Indonesia has great potential to continue to develop and contribute significantly to the country's economy.

Factors that Influence Franchise Business Success

The factors that influence the success of franchise businesses include various multidimensional elements, which industry players must seriously consider (Hudiarini, 2019). First of all, the success of a franchise often depends on the strength of its business model. A solid franchise business model must be tested and proven effective, with well-structured systems supporting consistent and profitable franchise operations. Another critical factor is choosing a strategic location. The right location can significantly impact customer traffic and sales levels. Therefore, careful market research and analysis of a particular location's demographics and consumer habits are critical to determining franchise success.

Apart from that, human factors also play a crucial role in the success of a franchise business. The involvement and commitment of franchisors and franchisees and the quality of

management and employees can significantly influence franchise performance (Kristianto & Gracia, 2022). Good training, ongoing operational support, and effective communication between all parties involved are also crucial factors that can strengthen franchise success. Brand awareness and brand reputation should also be considered. A strong and widely known brand will more easily attract potential customers and build a loyal customer base. Therefore, investing in marketing and promotions and maintaining product or service quality is essential to strengthen a brand's position in consumers' minds.

What is no less important is consistency and standardization. A successful franchise maintains consistent product or service quality, customer experience, and business operations across all outlets. Strict standardization helps ensure that each franchise provides customers with a uniform experience, building trust and loyalty. The business environment is always changing, and franchises that can respond quickly and effectively to changing market trends, customer needs, and competition will have a greater competitive advantage in the long term.

Overall, the success of a franchise business is influenced by various interrelated factors, including a robust business model, strategic location, competent management, high brand awareness, operational consistency, and the ability to adapt to market changes. Paying attention to and optimizing all of these factors can significantly increase your chances of success in the franchise industry.

Business Models and Management Strategies in Franchise Businesses

The business model in a franchise business refers to the structure that underlies the relationship between the franchisor (franchisee) and the franchisee (franchise recipient) and how the company is run. The franchise business model generally involves using the franchisor's brand, operational systems, and support to the franchisee in exchange for royalties or licensing fees. This model allows franchisees to expand their geographic reach more quickly than if they had to build and manage all the outlets themselves. Management strategies in franchise businesses include various approaches to ensure franchise operations run efficiently and successfully. One of the main strategies is consistency. This includes standardizing operational processes, product or service quality, and customer experience across all franchise outlets. This consistency is essential for building a solid brand image and maintaining customer loyalty.

In addition, management strategies also include employee training and development. Good training improves employees' skills in running day-to-day operations but also helps strengthen company culture and brand values. This is important because well-trained employees tend to be more motivated and able to provide quality service to customers. Management strategy also involves the support provided by the franchisor to the franchisee. This support could be operational guidance, marketing and promotions, supply chain management, or product development. Franchisors who offer vital support to franchisees tend to see better results in the long run, as this helps build a mutually beneficial relationship between both parties.

Apart from that, management strategies in franchise businesses also include innovation. The industry and consumer preferences are constantly changing, and franchises that adapt quickly will have a more competitive advantage. This could involve developing new products or services, using new technology to improve operational efficiency, or developing creative marketing strategies. Overall, a franchise business's business model and management strategy are interrelated and support each other. A good business model provides a solid framework for franchise operations, while effective management strategies help run day-to-day operations efficiently and increase the chances of long-term success. By paying attention to

these two aspects and continuing to innovate, franchises can reach their full potential in a competitive market.

The Role of Government in the Development of the Franchise Industry

The government's role in developing the franchise industry in Indonesia significantly impacts the growth and sustainability of the franchise business ecosystem. Clear and supportive regulations are one of the main factors that can create a business environment that supports franchise growth. By having clear regulations, both franchisors and franchisees can operate more confidently, clearly know their rights and obligations, and protect their interests in franchise business relationships. The government's role in providing training and education for prospective franchisors and franchisees is vital. Good training can increase their understanding of the franchise business model, effective operational processes, financial management, and appropriate marketing strategies. By understanding and mastering these aspects, franchise business owners will be better prepared to run their operations successfully and reduce the risk of failure.

Promoting franchising as a sustainable business model is also an essential role for the government in supporting the growth of the franchise industry. By increasing public awareness about the potential and benefits of franchise businesses, the government can help create a larger market for franchises. This can be done through promotional campaigns, seminars, conferences, and collaboration with institutions and business associations to increase public understanding and interest in franchising as a promising business option. Through these roles, the government can be a catalyst in developing the franchise industry in Indonesia. By creating a supportive environment, providing needed education and support, and promoting franchising as an attractive business model, the government can help increase the number and quality of franchises in Indonesia and contribute to the country's overall economic growth.

Trending Food and Beverage Business Franchises in Indonesia

Ayam Sabana is a brand that has achieved high popularity by serving simple fried chicken, a favorite among various groups. The advantage of Ayam Sabana is its affordable price, making it the leading choice for children and adults who want a delicious meal without having to break the bank. With its competitive price appeal, Ayam Sabana has succeeded in attracting interest from various levels of society, both in terms of consumers and potential franchisees. With relatively affordable capital, namely around IDR 10 million to buy a license, the opportunity to start a Sabana Chicken franchise business is wide open for small to medium entrepreneurs who want to be involved in the food industry. With consistent taste quality and a proven business concept, being part of the Ayam Sabana franchise network is about having a financially profitable business and being part of a brand known and loved by the wider community.

Since its appearance in 2006, Kebab Baba Rafi has become a gastronomic phenomenon that has not only succeeded in establishing its presence in the local market but has also been successful in expanding to the international market. Its pioneering presence in introducing kebabs in Indonesia has made it one of the iconic brands in the fast food industry in Indonesia. The success of Kebab Baba Rafi must be connected to its strong branding strategy, which can build a strong brand image and attract the interest of consumers from various groups. From a business perspective, to be able to open a Kebab Baba Rafi franchise, a minimum investment capital of IDR 75 million is required, although the amount of capital can vary depending on the franchise package chosen. This allows more flexible options for prospective

franchisees according to their financial capacity and business goals. With a superior taste that has been tested and a business concept that has proven to be successful, being part of the *Kebab Baba Rafi* franchise network is not only about having a financially profitable business but also being part of the journey of a brand that has made history in the food industry in Indonesia, as well as has the potential to continue to grow and penetrate the global market.

Taisi Jeletot Tahu has become Indonesia's leading choice for spicy food lovers. Its presence fulfills the market need for dishes that sting the tongue and opens up promising business opportunities for entrepreneurs. Apart from offering delicious products, *Tahu Jeletot Taisi* also supports business people by providing training on how to cook delicious stuffed tofu. This helps ensure consistency in product quality and taste across all franchise outlets. For those interested in running a *Tahu Jeletot Taisi* franchise business, a minimum capital of around IDR 20 million must be prepared. However, the amount of capital can vary depending on the franchise package chosen. With various package options available, the opportunity to join the *Tahu Jeletot Taisi* franchise network becomes more affordable for multiple levels of society, from minor to medium entrepreneurs. With guaranteed product quality and support provided, being part of the *Tahu Jeletot Taisi* franchise is not only about having a financially profitable business but also being part of a dynamic business journey full of growth potential.

Mie Gacoan has become a favorite in the Indonesian culinary realm with its unique characteristics, namely chili sauce, which has various levels of appetizing spiciness. Different from other noodles, *Mie Gacoan* features chili sauce as the main star, which is the main attraction for spicy food lovers. With various levels of spiciness offered, from mild to extra spicy, *Mie Gacoan* can fulfill every customer's wishes by adjusting the spiciness to suit their taste. The presence of *Mie Gacoan* is not only a place to eat but also a culinary destination that spicy lovers must visit. With a strong image as a provider of noodles with spicy chili sauce, *Mie Gacoan* branches continue to increase, spreading from big cities to remote villages. For those who are interested in joining the *Mie Gacoan* franchise network, preparation funds of around IDR 125 million are required as initial capital to build a branch. Even though the capital is quite large, this is comparable to the potential profits that can be obtained from this franchise business, which has been tested and proven successful. With the support of the *Mie Gacoan* management team and a proven operational system, joining the *Mie Gacoan* franchise is not only about having a financially profitable business but also being part of a dynamic business journey full of growth opportunities in the ever-growing Indonesian culinary industry.

Ayam Hisana has become one of Indonesia's most popular food and beverage franchises. Its success lies not only in its delicious dishes but also in its business model, which is friendly to aspiring entrepreneurs. With relatively affordable initial capital, only around IDR 20 million, prospective franchisees will get a complete package that includes carts, equipment, and raw materials characteristic of *Ayam Hisana*. Therefore, the opportunity to start a *Hisana Chicken* franchise business is open to various levels of society, from small entrepreneurs to those just starting a culinary business. The *Ayam Hisana* management team's training, operations, and marketing support also add significant value for franchisees. With affordable capital and comprehensive support, joining the *Ayam Hisana* franchise network is about having a financially profitable business and being part of a dynamic business journey full of opportunities in the culinary industry that continues to grow in Indonesia.

Martabak Orins has become one of Indonesia's most popular food and beverage franchises. The uniqueness of *Martabak Orins* lies not only in its unique and innovative *Martabak* flavor variants but also in its business concept, which has succeeded in attracting the interest of various groups of consumers. With different flavor choices, from classic to exotic,

Martabak Orins can satisfy taste buds and captivate the hearts of culinary fans. For prospective franchisees interested in opening a Martabak Orins outlet, an initial capital of around IDR 75 million is required as an investment to obtain a franchise package that includes the necessary equipment, tools, and raw materials. Even though the capital is quite large, this is comparable to the potential profits that can be obtained from this franchise business, which has proven successful. Apart from that, support from the Martabak Orins management team in training, operations, and marketing is also a significant added value for franchisees. With affordable capital and comprehensive support, joining the Martabak Orins franchise network is about having a financially profitable business and being part of a dynamic business journey full of opportunities in the culinary industry that continues to grow in Indonesia.

Rotiboy has become one of the most well-known franchises in Malaysia, with its specialty of serving coffee-flavored bread that is so tempting and has a distinctive smell. This bread's uniqueness lies in its alluring coffee aroma and its simple yet captivating taste among bread lovers. The rich coffee taste and soft bread texture make Rotiboy a favorite choice for many people. For those interested in opening a Rotiboy outlet as a franchise, initial funds of around IDR 100 million are required as capital to obtain a franchise license and the necessary supplies and equipment. Even though the amount of capital is quite significant, the potential profits that can be achieved from the Rotiboy franchise business must be considered. Apart from that, prospective franchisees will also get full support from the Rotiboy management team in terms of training, operational management, and marketing strategies so that they can run their business more effectively and efficiently. With affordable capital and comprehensive support, joining the Rotiboy franchise network is not just about having a financially profitable business but also about being part of a dynamic business journey entire of opportunities in the ever-growing food industry in Indonesia and around the world.

Bakso Benhil has gained undeniable popularity among culinary lovers due to its unique characteristic of serving meatballs mixed with chicken and duck meat. The courage to present this combination has become the main attraction of Bakso Benhil, which has succeeded in stealing the attention and appetizing culinary fans throughout Indonesia. Bakso Benhil is a regular place to eat and a culinary destination that must be visited by those who want to enjoy a new sensation in meatballs. For those interested in opening a Bakso Benhil branch as a franchise, initial capital preparation of around IDR 4 million is required as an investment to obtain a franchise license and prepare a location that the public likes. Even though this amount of capital is relatively affordable, the potential profits that can be achieved from the Bakso Benhil franchise business are very promising. Apart from that, prospective franchisees will also get full support from the Bakso Benhil management team in terms of training, operational management, and marketing strategies so that they can run their business more effectively and efficiently.

Subway has become one of the most popular franchise restaurants in the world, and its central concept is serving sandwiches with various flavors and fresh ingredients. The uniqueness of Subway lies not only in its variety of menus but also in the marriage given to customers to make sandwiches according to their tastes and preferences. Along with developing healthy and fast food trends, Subway has become one of the most popular food and beverage franchises today, attracting interest from various groups of consumers. For those considering opening a Subway franchise, there is great potential for financial success due to the strong reputation and popularity of the brand. Although the initial capital required to open a Subway outlet is significant, the potential profits that can be obtained are also comparable. Additionally, as a Subway franchisee, you will get full support from the Subway management team in terms

of training, operational management, and marketing strategy, so opening a Subway outlet is not just about having a financially profitable venture but also about being part of a global business network successful and sustainable. With comprehensive support and strong brand popularity, opening a Subway outlet can be a profitable investment and has great potential as a source of stable income.

CONCLUSION

The franchise industry in Indonesia has experienced significant growth in recent years, with market trends reflecting changes in consumer preferences as well as the adaptation of business models to evolving market needs. The rapid growth in the number of franchises shows the high level of public interest in this business model, which is now attracting the food and beverage sector and expanding into the service, retail, education, and health sectors. Consumers tend to choose franchise brands that offer added value, such as desirability, product or service quality, and unique customer experiences, creating pressure for franchise companies to pay attention to customer satisfaction and loyalty. However, while positive trends are emerging, the franchise industry faces new challenges, such as adapting to technological developments, complex regulations, and increasingly fierce competition. With the right strategy, continuous innovation, and strong support between franchisors and franchisees, the franchise industry in Indonesia has great potential to continue to develop and contribute significantly to the country's economic growth.

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