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Economic Feasibility Analysis of Glamping Project as a Hospitality Innovation in West Bandung

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ABSTRACT

Mountain climbing and camping are very popular among the public. However, these activities require a lot of equipment and thorough physical preparation, and limitations of time, physical fitness, and age make them unsuitable for everyone. Glamping has become a new innovation implemented by hotel and tourism businesses to meet this high demand. Grand View Research (GVR) states that the glamping market is growing at a Compound Annual Growth Rate (CAGR) of 14.1% from 2021 to 2028. In this study, the authors used descriptive analysis methods to assess the financial feasibility of the Mahkota Sangkuriang eco-tourism glamping area located in the tourist area of West Bandung Regency. Researchers analyzed using the Return of Investment (ROI), Net Present Value (NPV), Internal Rate of Return (IRR), and payback period methods. The results of this study indicate that this glamping area project can offer competitive advantages with a positive NPV of Rp 6,387,766,310, an IRR of 24.96%, and an estimated Payback Period of only 2.6 years. Market analysis indicates a high potential demand for glamping consumers and this supports the relevance of the project implementation. The conclusion of this study emphasizes that the new innovation of hospitality glamping is not only financially feasible but also capable of being a long-term solution and addressing socio-economic needs through sustainable design.

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1. INTRODUCTION

Bandung, the capital of West Java Province, is a popular tourist destination for both Indonesians and international visitors. The city and surrounding areas are experiencing economic growth and increasing tourism business. The tourism industry is one of the largest contributors to the country's foreign exchange. Currently, tourism *nomad* (*nomadic tourism*) become a new color in the world of tourism in Indonesia (Kemenpar.go.id, 2019).

The daily grind of work can leave people feeling bored, and they seek relief by vacationing in natural attractions. One activity that allows you to enjoy nature directly is camping. However, this activity cannot be done by everyone because it requires complete equipment preparation, health, physical condition, and difficult terrain that cannot be traversed by all age groups.

One new trend in outdoor tourism is glamping, which has emerged with the increasing demand for comfort and luxury in the nature-based tourism sector (Juniarta et.al, 2022). Glamping is a combination of the words glamorous and camping, which is defined as a type of camping that exceeds the level of comfort and luxury of traditional camping (Brochado & Pereira, 2017). Glamping is popular because it allows people to experience the sensation of staying in the open air without losing the normal facilities and amenities of a home, provides exclusivity and uniqueness in offering accommodation “*outside the box*” (Andrey, et al, 2014). It is safer, more practical, and can be enjoyed by people of all ages (Saptiany et.al, 2023; Indriani et.al, 2023). Glamping is flexible and can be set up in various locations, ranging from glamping in the highlands (hills, mountains, forests) to water (lakes, rivers, beaches).



Figure 1. One example of lakeside glamping in Dusun Bambu, West Bandung Regency
Source: bandungfoto.com, 2024

Glamping is a trending accommodation model in the tourism and hospitality industry, particularly among millennial and post-millennial travelers, as evidenced by the proliferation of glamping accommodations in various locations (Widhiarni, 2023). This trend stems from a shift in accommodation choices, with younger generations choosing accommodations based on the beauty/aesthetics of their decor for photo or video documentation purposes, often posted on social media, known as Instagrammable (Kusumaningrum & Marline, 2022). Tourism is also leading to a growing public desire to seek new, more sustainable and less impactful tourism alternatives (Saepudin et al., 2019). This aligns with the basic characteristics of glamping: sustainable, environmentally friendly, temporary accommodations for the outdoors, and the use of tents that maintain the characteristics of camping (Utami, 2020).

Glamping is a form of nomadic tourism, a form of tourism that involves moving from one location to another. It is primarily undertaken by tourists aged 35-55, who have income and rely on up-to-date information (Mahadewi, 2018). According to Sinaga & Fitri (2022), attractive characteristics of glamping include:

1. Possessing natural resources and beautiful scenery,
2. Unique and attractive architectural and interior design,
3. Providing adequate supporting facilities with excellent service,
4. Easy access

Facilities play a crucial role in meeting the needs of visitors to a tourist destination, enabling them to utilize the facilities offered (Nugraha et.al., 2023). Factors to consider regarding glamping accommodation facilities include: complete supporting facilities, maintained cleanliness of the glamping area, a natural environment and attractive views, excellent service from the glamping management, and attractive architectural and interior design (Juniarta et.al., 2022). Meanwhile, glamping architectural typologies consist of four types (Sinaga & Fitri, 2022):

1. Pentagonal, like a mini house,
2. Triangular, like a tent,
3. Irregular geometric shapes,
4. Round, like waves



Figure 2. Example of the most popular glamping accommodations

Source: tentsexpert.com, 2024

The natural beauty and natural potential of the area are unique in attracting tourists. This natural beauty and potential require businesses to create tourist accommodations that can support tourist comfort. *Grand View Reseach (GVR)* says the glamping market is growing at a compound annual growth rate (CAGR) as much as 14,1 % from year to year 2021-2028. The tourism sector has a very important value and makes a wide-ranging contribution, involving economic, social, political, cultural, regional and environmental aspects. From an economic perspective, the tourism sector makes a real contribution to increasing the country's foreign exchange earnings and regional income, and create jobs in the tourism sector. Developing the tourism sector can increase community income, especially in each respective tourism destination.

The Cisarua area is one of the rapidly developing tourism areas in West Bandung Regency, marked by the large number of domestic and international tourist visits (Edison et.al, 2019). Geographically, Cisarua District borders Subang Regency to the north, Bandung Regency and Bandung City to the south, Sumedang Regency to the east, and Parongpong District to the west (BPS West Bandung Regency, 2023), making it very strategic for tourism. This nomadic tourism phenomenon has also spread to West Bandung Regency in the form of the emergence of glamping accommodations such as Orchid Forest Cikole, Trizara Glamping, Dusun Bambu Glamping, and so on (Superwiratni, 2021). Despite its tourism potential, Cisarua District is prone to disasters due to the Lembang Fault, so tourism development in this area must consider disaster vulnerability (Wiridian et.al, 2024).



Figure 3. Trizara Glamping, West Bandung Regency
Source: Instagram Trizara Glamping, 2024

In the process of building and developing the area *glamping*, There needs to be sustainable planning by analyzing environmental aspects, natural physical aspects, socio-cultural dynamics, and financial feasibility analysis aspects so that it can develop well. The purpose of this study is to provide an overview of the financial feasibility of the Mahkota Sangkuriang Glamping project *eco-tourism* in Cisarua, West Bandung Regency. This is to generate interest among those interested in investing in glamping development in the Mahkota Sangkuriang Cisarua area, West Bandung Regency.

The objective of this research is to identify the financial feasibility of regional development *glamping* Sangkuriang Crown eco-tourism and provides an overview of financing needs and interprets glamping design with financing budget needs..

2. RESEARCH METHODS

This research utilizes a qualitative approach by applying descriptive analysis methods and relying on primary data obtained through field surveys. Qualitative research is characterized by a greater emphasis on the research process than on the results. This method utilizes qualitative data, and the implementation stages can vary from one study to another.



Figure 4. Research flowchart
Source: Personal Documentation, 2024

3. RESULTS AND DISCUSSION

The site was chosen on Jl. Tugumukti, Cisarua District, West Bandung Regency. The location was chosen because it is strategically located for economic and tourism development, boasting unique topography, mountain and hill views, and barren, former mining land that will be developed into a green, investment-worthy resort and tourism area.

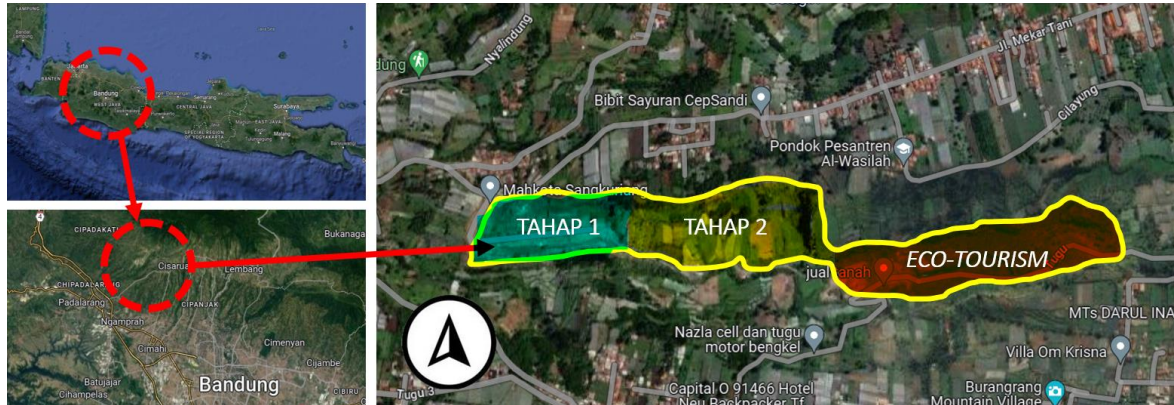


Figure 5. Design location
Source: Google Earth, 2024

The Planning Location is in phase 1 with an area of 4,000 m² (4 Ha) of the total area of 20,000 m² (20 Ha) with the topography of the area as a tourism and agricultural environment. The geographical conditions of the site have quite unique and challenging conditions due to its extreme topography with the formation of 80 meter high rock walls with a slope of up to 90°. Accessibility to the site can be reached by land transportation (buses, four-wheeled and two-wheeled vehicles). The road conditions around the site are good and wide with adequate facilities such as clean water and electricity. Some of the nearest public facilities around the location include the Cisarua General and Mental Hospital, the National Police School, Dusun Bambu, the Nice Park, the Padalarang Toll Gate, and the Padalarang High Speed Train Station. The development of the Glamping Dome in Mahkota Sangkuriang is carried out with the concept of ecotourism, a type of tourism that emphasizes responsibility for the sustainability of natural resources. The Mahkota Sangkuriang glamping area is supported by various facilities that aim to support the sustainability of tourism in West Bandung Regency.



Figure 6. Image of a Glamping Dome Unit
Source: Personal Documentation, 2024



Figure 7. Final cafe planning image
Source: Personal Documentation, 2024

3.1 Financial Feasibility

In determining whether a project can be implemented or not, it is necessary to carry out several economic analyses consisting of the investment costs required, *project payback period*, *analisa Net Percent Value (NPV)*, *Economic Internal Rate of Return (EIRR)*, and *analysis Benefit Cost Ratio (BCR)*.

3.2 Investment Costs

Investment costs for the development of the Mahkota Sangkuriang eco-tourism glamping area include planning costs, land acquisition, permitting, construction, and equipment and other supporting facilities. The following table outlines the required investment budget :

Table 1. Investment Costs

NO	ITEM	VOL	UNIT	UNIT PRICE	TOTAL PRICE
I	Planning & Preparation			subtotal	Rp 8.350.000.000
1	Design Planning	1	ls	Rp 200.000.000	Rp 200.000.000
2	Land Purchase	45.000	m2	Rp 150.000	Rp 6.750.000.000
3	Licensing & Legality	1	ls	Rp 1.000.000.000	Rp 1.000.000.000
4	Cut & Fill land	1	ls	Rp 400.000.000	Rp 400.000.000
II	Construction			subtotal	Rp 3.500.000.000
1	Building dome unit	20	unit	Rp 135.000.000	Rp 2.700.000.000
2	Infrastructure	1	ls	Rp 500.000.000	Rp 500.000.000
3	Café	1	ls	Rp 300.000.000	Rp 300.000.000
III	Equipment			subtotal	Rp 700.000.000
1	Interior unit	20	unit	Rp 30.000.000	Rp 600.000.000
2	Interior Cafe	1	ls	Rp 100.000.000	Rp 100.000.000
				TOTAL	Rp 12.550.000.000

3.3 Estimated Income

Estimated income in the Mahkota Sangkuriang eco-tourism glamping development area includes occupancy of glamping units, cafes, events, etc. The following is a table of estimated income (table 2):

Table 2. Estimated Corporate Event Revenue

GLAMPING UNIT INCOME ESTIMATION				
	Month to -1	Month to -2-5	Month to -6-12	Average per year
Weekend prices	Rp 1.500.000	Rp 1.500.000	Rp 1.500.000	Rp 1.500.000
Estimated weekend occupancy	60	70	80	74,167
Weekday prices	Rp 1.100.000	Rp 1.100.000	Rp 1.100.000	Rp 1.100.000
Estimated weekday occupancy	160	240	280	253,3
Estimated monthly income	Rp 266.000.000	Rp 369.000.000	Rp 428.000.000	Rp 389.916.667
Total average				Rp 4.679.000.000
RESTAURANT INCOME ESTIMATION				
	Month to -1	Month to -2-5	Month to -6-12	Average per year
Estimated guests	50%	75%	65%	67,92%
Customer estimates	80	120	152	132,6666667
Estimated expenses average	Rp45.000	Rp55.000	Rp60.000	Rp56.667
Estimated monthly income	Rp108.000.000	Rp198.000.000	Rp273.600.000	Rp225.533.333
Total average				Rp2.706.400.000
CORPORATION EVENT INCOME ESTIMATION				
	Month to -1	Month to -2-5	Month to -6-12	Average per year
Estimated events every month	2	3	2	2,416666667
Estimated average income	Rp5.000.000	Rp6.500.000	Rp6.000.000	Rp6.125.000
Estimated monthly income	Rp10.000.000	Rp19.500.000	Rp12.000.000	Rp14.802.083
Total average				Rp177.625.000

3.4 Project Payback Period

Payback Period is a calculation technique used to determine the time required for an investment to recoup its capital, and this is measured in units of time such as years or months. In other words, the payback period indicates the duration required to repay the initial investment costs with the profits generated.

Table 3. Space and Activity Requirements

	YEAR 1	YEAR 2	YEAR 3	YEAR 4
INCOME		1,03	1,06	1,05
Unit Occupancy	Rp4.679.000.000	Rp4.819.370.000	Rp4.959.740.000	Rp4.912.950.000
Pendapatan Café	Rp2.706.400.000	Rp2.787.592.000	Rp2.868.784.000	Rp2.841.720.000
Corporate Event	Rp177.625.000	Rp182.953.750	Rp188.282.500	Rp186.506.250
Total Revenue	Rp7.563.025.000	Rp7.789.915.750	Rp8.016.806.500	Rp7.941.176.250

EXPENDITURE

Employee	15%	Rp960.000.000	Rp960.000.000	Rp960.000.000	Rp960.000.000
Sales & Marketing	5%	Rp300.000.000	Rp300.000.000	Rp300.000.000	Rp300.000.000
Tax	11%	Rp831.932.750	Rp831.932.750	Rp831.932.750	Rp831.932.750
Maintenance	3%	Rp221.562.000	Rp221.562.000	Rp221.562.000	Rp221.562.000

TOTAL EXPENDITURE		Rp 2.313.494.750	Rp 2.313.494.750	Rp 2.313.494.750	Rp 2.313.494.750
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OPERATING PROFIT		Rp 5.249.530.250	Rp 5.476.421.000	Rp 5.703.311.750	Rp 5.627.681.500
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MANAGEMENT FEE		Rp 157.485.908	Rp 164.292.630	Rp 171.099.353	Rp 168.830.445
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NOP		Rp 5.092.044.343	Rp 5.312.128.370	Rp 5.532.212.398	Rp 5.458.851.055
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BEP		-Rp 7.457.955.658	-Rp 2.145.827.288	Rp 3.386.385.110	Rp 8.845.236.165
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3.5 Net Present Value (NPV) Analysis

NPV analysis is carried out to see how the investment value takes into account changes in currency values (Ye & Tiong, 2000). NPV which is positive indicates that the PV of acceptance > PV expenditure. Because of that NPV A positive return means the investment is expected to increase the investor's wealth. Therefore, the investment is considered profitable. In this study, NPV is compared with a 5% deposit interest rate. The following is a calculation table NPV.

Table 4. Space and Activity Requirements

Year	Cash Out	Cash-In Net Profit	Net Cash Flow NCF	PV Factor	NPV
0	Rp12.550.000.000		Rp12.550.000.000		Rp12.550.000.000
1		Rp5.092.044.343	Rp5.092.044.343	5%	Rp4.849.566.040
2		Rp5.312.128.370	Rp5.312.128.370	5%	Rp4.818.257.025
3		Rp5.532.212.398	Rp5.532.212.398	5%	Rp4.778.933.072
4		Rp5.458.851.055	Rp5.458.851.055	5%	Rp4.491.010.272
	Rp12.550.000.000	Rp21.395.236.165	Rp21.395.236.165	NPV	Rp6.387.766.410
	0			IRR	24,96%

3.6 Internal Rate of Return (IRR) Analysis

It is analysis *cash flow* to return an investment in the form of a percentage per time period. A project is said to be feasible and profitable if the value $IRR > MARR$ and is also considered detrimental if $IRR < MARR$. From the calculation of the NPV value, the IRR value obtained is 24,96%. Results $IRR > MARR$, then the project can be declared feasible and profitable.

4. CONCLUSION

The Mahkota Sangkuriang Glamping eco-resort is assumed to be available for rent to middle- and upper-middle-income households. Based on the results of the economic analysis, the following information is available :

1. The development of the Mahkota Sangkuriang eco-tourism glamping area can attract tourists who want to stay in a natural atmosphere and have a luxurious camping experience in the West Bandung district area.
2. The NPV (Net Present Value) calculation results in a result of Rp 6,387,766,310 > 0 (positive), meaning the project can be declared feasible and profitable..
3. Mark IRR (*Internal Rate of Return*) as big as 24,96% > MARR, then the project can be declared feasible and profitable.
4. Mark PP (*Payback Period*) estimated at around 2.6 years, this shows a relatively fast investment return period.

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