

Legal Analysis of the Success of Mixue Franchise Schemes in Singapore, South Korea, and Japan Linked to the Success of Mixue Franchise Schemes in Indonesia and Vietnam

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ABSTRACT

Franchising is a system of marketing goods and services and technology, which is based on closed and continuous cooperation between independent actors (meaning the franchisor and individual franchisee) and is separated both legally and financially, where the franchisor grants rights to the individual's franchisee and imposes an obligation to carry out its business following the franchisor's concept. The franchise business that is currently going viral is the Mixue franchise, which offers luxury ice cream at very cheap prices. Mixue became a franchise that had very rapid growth during the 2020 pandemic. In the 2020–2023 period, its outlets reached 1000 in Indonesia. So it is called the angel that takes away empty shophouses because the rapid development of Mixue also helps the property business. Even though it targets third and fourth-ranked cities, Mixue dominates provincial capitals in Indonesia. Mixue's phenomenal success in Indonesia, after having had great success in Vietnam since 2018, has caused Mixue to expand to Singapore, South Korea, and Japan. In this research, the author will analyze the franchise laws from a legal perspective and compare them with those of the three countries, which may be a factor in the success of the Mixue franchise, which was previously achieved in Indonesia and Vietnam.

This research is normative juridical research that uses secondary data in the form of primary legal materials, namely various relevant laws and regulations, and secondary legal materials, namely books and legal literature. The approaches used are statutory and conceptual.

Results from research are hoped to provide one-stop article input for entrepreneurs, businesspeople, and legal academics regarding the comparison of franchise law, especially in Singapore, South Korea, and Japan, which Indonesia and Vietnam also complement.

Keywords: Franchise, franchise schemes, legal analysis, Mixue.

1. INTRODUCTION

The increasingly rapid development of the business world means that companies always face intense competition. Therefore, in order to achieve maximum profits, it is essential for companies not only to sell products at low prices and place products that are easily accessible to consumers but also to develop their business wings to expand the market internationally. In order to develop a business to reach international markets, Warren J. Keegen, in his book *Global Marketing Management*, suggests five ways to achieve this, including through exporting, licensing, franchising, forming joint ventures, or total ownership, namely complete ownership through direct ownership or acquisition (Slamet, 2011). From several methods above, the franchising system emerges as a system that is considered quite optimal compared to other systems because it does not rely on socio-political factors such as exports, forms of joint ventures, direct investment, or business acquisitions, and the mechanism is not as rigid as the grant system license.

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Franchise (or franchising) is basically a franchise system of marketing goods and services and technology, which is based on closed and continuous cooperation between independent actors (meaning the franchisor and individual franchisee) and is separated both legally and financially, where the franchisor grants rights to individual franchisees and imposes obligations to carry out its business in accordance with the franchisor's concept (European Franchise Federation, 2016). A Franchisor, within a certain period, allows the franchisee to operate a business distributing goods and services in the name and identity of the franchisor in a particular area. This business must be carried out according to the procedures and methods determined by the franchisor. Franchisors can offer assistance (assistance) to franchisees. In return, the franchisee will pay a certain amount through an initial fee and royalties. The franchise system offers various benefits for franchisees because company branding, logos, marketing, production methods, brands, and business systems have been built from scratch, so franchisees do not need to start a business. The franchise business model can also open up opportunities for small and medium entrepreneurs, create jobs, and improve a country's economy (Nugroho & Kusumasari, 2022). The franchising system was first born in the United States a century ago, and the Singer sewing machine company introduced it to develop the distribution of its products (Santiago, 2012). This system then quickly dominated the model for distributing goods and services in the United States (Suharnoko, 2009). The International Franchise Association states that one in twelve forms of trading business in the United States is a franchise. According to existing data, in 2022, franchises will even provide 8.5 million jobs for the entire population of the United States (Paluteder, 2022). This certainly illustrates the substantial role of franchises in supporting the economy of this superpower.

The rapid development of the franchise system has made this system a popular business model in various business fields throughout the world, including Indonesia. In the last ten years, the franchise system seems to be becoming a business model that continues to grow and is very popular in Indonesia, especially for those who want to start a business without having to go through the hassle of starting a new business from scratch. The legal basis for operating franchises in Indonesia is the Government Regulation of the Republic of Indonesia Number 42 of 2007 concerning franchising (from now on referred to as PP Franchise). The definition of a franchise is contained in Article 1 point 1 PP Franchise, as follows:

“A franchise is a special right owned by an individual or business entity to a business system with business characteristics in order to market goods and services that have been proven successful and can be exploited and used by other parties based on a franchise agreement.”

In this regulation, it is explained that the franchise business system has criteria, namely that it must have business characteristics, be proven to provide profits, have standards for services and goods and services offered which are made in writing, be easy to teach and apply, have continuous support, and registered Intellectual Property Rights. A franchise business must also be carried out based on a written agreement between the franchisor and the franchisee, considering Indonesian law.

A franchise contains the following main elements:

- 1) The franchisor is the owner/producer of goods or services that already have a certain brand and grants or licenses certain exclusive rights for the marketing of those goods or services.
- 2) The franchisee is the party who receives exclusive rights from the franchisor.
- 3) There is an exclusive transfer of rights (in practice including various kinds of intellectual property rights/industrial property rights) from the franchisor to the franchisee.
- 4) There is a determination of a certain area/franchise area where the franchisee is given the right to operate in a certain area.
- 5) There is a reward for performance from the franchisee to the franchisor in the form of an initial fee and royalties as well as other costs agreed upon by both parties.
- 6) There are quality standards set by the franchisor for franchisees as well as regular supervision in order to maintain quality (quality control).
- 7) The franchiser organizes initial and ongoing training to improve skills (Sewu, 2020).

Like a trend, the franchise system is currently widely discussed and loved by the wider community. Franchising is growing so rapidly because it is very attractive and profitable for the business world. Many foreign franchises then decide to enter the Indonesian market and expand their market in this country, so we often see the proliferation of foreign franchise businesses around us. Even though many investors have succeeded in running their franchise businesses, it cannot be denied that many of them have failed. The Chairman of Indonesian Franchising and Licensing said that the average growth of foreign franchise businesses in Indonesia could reach 12%–13% per year with a failure rate of 2%–3% (Sudarmiatin, 2011). One of the most strikingly successful foreign franchise businesses is Mixue.

Mixue is a franchise business operating in the food and beverage sector. Mixue was founded in 1997 by Zhang Hongchao under “Mixue Ice Cream & Tea”. While completing his studies, Zhang worked part-time at a shaved ice shop. Armed with this experience, Zhang then dared to open his own shaved ice shop with the help of his grandmother. However, as his business developed, Zhang began to encounter problems where his products were so affected by the seasons that he failed, and his first shop was forced to close. Zhang didn’t immediately give up. He opened another shaved ice stand in 1999 under the name Mixue Bingcheng (MXBC). Over the years, he experienced many difficulties before finally, in 2007, when he could develop the Mixue franchise system. A year later, 180 Mixue outlets were present in all corners of China (Detik Finance, 2022).

As if to repeat its success in China, Mixue is currently being widely discussed on various social media because of the aggressiveness of opening its branches in Indonesia. The incessant opening of new branches in a short period of time and development in adjacent areas made Mixue a topic of conversation, leading to the emergence of jokes or jokes regarding the nickname “Angel of Empty Shophouses” from Indonesian netizens Mixue. This term appeared because almost every empty shophouse in Indonesia will soon turn into a new Mixue branch.

In this regard, several requirements must be met first by people who are interested in becoming franchisees of this Mixue franchise. The franchisee must provide initial capital of IDR 700 million to IDR 800 million as initial investment costs until opening the store, where these costs include the provision of equipment (machines) and the first batch of raw materials from the franchisor (Nuri, 2023). Apart from that, franchisees must also provide adequate operational space for future Mixue outlets. This outlet must be built according to the interior requirements set by Mixue Indonesia, starting from furniture, water, electricity, neon signs, and other elements. The requirements include a minimum clean building area of 25 square meters, with a minimum front width of 3.8 meters, a minimum ceiling height of 2.7 meters, sufficient clean water source, and 33,000 watts of electricity. Then, before opening a Mixue franchise, prospective franchisees must also confirm first with the franchisor so that later a survey can be carried out on the area or area of the outlet that will be opened (Salsabilla, 2022). Even though they are required to fulfill several requirements above, Mixue franchisees are estimated to be able to obtain a Return on Investment (ROI) in just 12 to 18 months (Ardini, 2023).

In Indonesia itself, PT Zisheng Pacific Trading holds Mixue franchise rights. In principle, Mixue does not provide special requirements to prospective franchisees. The Mixue franchise system is an independent business where no royalties or profit sharing are paid to the franchisor so the franchisee can fully enjoy all profits. However, matters related to employee management, licensing, taxes, promotions, and social media must be governed by central regulations. Mixue also immediately provides a contractor who will redesign the outlet to be changed to meet standards (Kumparan Food, 2022).

Behind Mixue’s success, of course, there is a business strategy implemented by Mixue to promote its products, one of which is based on good supply chain management. Good supply chain management includes:

- Profitable prices and quality of raw materials,
- Establishing its own logistics center with a large capacity and
- Ensuring that the quality of products that reach consumers is of the best quality.

To ensure the quality of each ice cream and drink, Mixue is supported by various supporting companies, including Mixue Bingcheng Co., Ltd., which is engaged in management and operations, Henan Daka Food Co., Ltd., which operates in R&D (Research and Development) and production, as well as Shangdao Intelligent Supply Chain Co., Ltd., which operates in warehousing and logistics services. This industrial chain was formed to protect Mixue and accelerate its development.

Regarding this, even Raymond Chin, CEO of Ternak Uang (a financial literacy education platform), said on his YouTube channel that Mixue is not an ice cream company but a supply chain company. Mixue’s financial reports show that most of its income comes from selling raw materials and packaging. So, the strategy implemented by Mixue to grow quickly is to change the mindset from a food and beverage company to a supply chain company. Through the Economic of Scale formula, Mixue seeks to increase its production of ice cream and drinks by using other people’s capital through a franchise system so that the capital Mixue spends reduces.

Apart from that, another reason for Mixue’s rapid development in Indonesia is that, unlike other franchises which place great importance on the distance or radius between one outlet and another, Mixue states that there is no definite figure regarding the radius distance between outlets in the same area because This depends on the location proposed by the prospective franchisee. Considerations for opening a store are seen from reviewing the target market location, market size, the number of requests, public interest, and several other important aspects. Therefore, prospective franchisees can first submit a location to the franchise service before the survey stage. This is useful for ensuring whether the

location point is recommended and whether it can be continued to the next stage (Hardiantoro & Nugroho, 2023). Without a radius restriction, franchisees can build Mixue outlets that are very close to other Mixue outlets.

Based on data from Momentum Work, in 2021, Mixue will occupy the fifth position as the largest F&B company in the world, with a total of 21,582 stores, of which 7,643 stores have just opened (Oswaldo, 2023). To date, Mixue Ice Cream and Tea has over 20,000 national and over 1,000 international outlets (including Indonesia). Mixue started expanding its overseas business in Vietnam in 2018. As of 2022, 350 Mixue outlets have been opened and operating in Vietnam. Meanwhile, in Indonesia itself, Mixue has been present since 2020, with its first outlet located in Cihampelas Walk, Bandung City (Hikmah, 2023). It is recorded that until the end of March 2022, there were only 317 Mixue outlets in Indonesia, but by the end of 2022, Mixue will have approximately 1,000 new outlets. This number is certain to be higher and will continue to increase.

After achieving success in Indonesia, Mixue reportedly expanded its business wings and entered the Japanese and South Korean markets. The first Mixue branch in Japan is located in Tokyo, while the first branch in South Korea has been opened at Chung-Ang University (Sari, 2023). Furthermore, reflecting on Singapore, considering the country's small territory, Mixue's strategy to develop its franchise business in Singapore so that it is as successful as in other countries such as Vietnam and Indonesia is still questionable. Based on the issues above, examining whether Mixue's success in developing its franchise business in Indonesia and Vietnam will continue overseas is interesting. Because one factor that influences the development and success of a franchise business is the legal provisions in the destination country, the research team is interested in compiling a comparative study regarding the comparison of franchise laws in Japan, South Korea, and Singapore. Until now, other researchers have carried out no similar research and no journal writing related to the topic studied by the author.

2. PROBLEMS

Based on the background described in the previous section, this article will discuss the similarities and differences in franchise law between Singapore, South Korea, Japan, Indonesia, and Vietnam, then an analysis of the similarities and differences in franchise law will be carried out, linked to the characteristics of the Mixue franchise business, and ultimately look for the correlation between local franchise laws and the success of the Mixue franchise, especially in Indonesia and Vietnam. If there is a correlation, the causes of the success of the Mixue franchise in Singapore, Japan, and South Korea will be analyzed.

3. DISCUSSION

On January 15, 2023, Mixue Indonesia, with master franchise rights in Indonesia held by PT Zhiseng Pacific Trading, opened its 1000th outlet in Margo City (Rama, 2023). The success of this franchise chain is phenomenal, as Mixue is the first Chinese ice cream and bubble tea franchise to reach up to 21,000 outlets (Dwi R, 2022). Number of franchisees from Mixue Bing Cheng, Co., Ltd., (MXBC) in the world has reached more than the number of Burger King franchisees and is firmly in fifth position in the world franchise rankings, and is predicted to displace already stable franchises, such as McDonalds in the next few years. On the official website, the first international market it entered was Vietnam in 2018, but Mixue not only expanded its market to Asia but also to 30 other countries, including the United States, Europe, Japan, Kyrgyzstan, and Uzbekistan (Mixue Bingcheng Co, 2022).

The interesting thing about the Mixue Franchise is the fact that the number of Mixues has reached the fifth largest franchise position in the world, but Mixue is not part of the list of the fifteen most profitable franchises in the world (SimulasiKredit.com, n.d.). The fact that Mixue wants to maintain its identity as a cheap ice cream company can be concluded from several conditions in its franchise agreement, where the profit received by the franchise is around 30%, and franchisees are prohibited from charging more than 2,000–3,000 rupiah per item for purchases via online motorcycle taxis, such as Gofood, Grab Food, and Shopee Food. The most obvious rationalization is the fact that MXBC, on its website, states that the Mixue franchise is aimed at cities in third and fourth positions, which are certainly not the cities with the highest-income residents. This seems to be the main reason why MXBC started its international market first in Vietnam and tried its first luck in Bandung, not in the country's capital.

In fact, Mixue is basically a supply chain company, where its biggest income is not from selling ice cream and bubble tea but from selling some basic Mixue ingredients. All raw materials are supplied directly from Master Franchisor, except for Oreos and lemons. Sales also include all Mixue packaging and production machines sold by the Master Franchisor to franchisees. Like all other franchise

companies, of course, the Master Franchisor will conduct a survey of the location and later help renovate the Mixue franchisee's premises.

The interesting thing about the Mixue Franchise Agreement is that there are no restrictions on the Mixue franchise within a certain radius or area. However, in one building or shophouse, there can only be one Mixue franchisee. At this point, the risk of another Mixue in a position close to the franchisee is not protected by the Mixue franchise agreement, which means the Master Franchisor has the right to grant franchise rights to other potential franchisees. On the one hand, the Mixue franchise agreement can be considered friendly towards franchisees because there is no obligation to provide profit sharing, so there is a sales system for machines and so on, but on the other hand, the risks borne by prospective franchisees are quite large, so it needs to be studied from a protection perspective in the law.

3.1. Franchise Laws in Indonesia, Vietnam, Singapore, South Korea, and Japan

With a population of more than 250 million people, Indonesia is an attractive country for investors to develop their franchise business. In Indonesia, the franchise business model is indeed in great demand by businesspeople. Based on data from the Ministry of Trade for 2021, there has been a significant increase in the number of franchise businesses in Indonesia. There are 124 foreign franchises and 105 domestic franchises that have developed throughout 2021. Most of the registered franchises (54%) are engaged in the food and beverage business. Regarding the franchise industry, Indonesia has three main franchise associations, namely (a) the Indonesian Franchise Association (AFI), (2) the Indonesian Franchise and Licensing Association (WALI), and (3) the Indonesian Franchise Entrepreneurs Association (APWINDO). This franchise association significantly promotes Indonesian franchising (Pohan, n.d.).

There are a number of legal frameworks issued by the Ministry of Trade to regulate franchise businesses in Indonesia, some of which are:

1. Law Number 7 of 2014 concerning Trade,
2. Government Regulation Number 42 of 2007 concerning Franchising,
3. Regulation of the Minister of Trade No. 53/MDAG/PER/9/2012 concerning Trade,
4. Minister of Trade Regulation no. 68/MDAG/PER/10/2012 concerning Franchising for Modern Shop Business Types,
5. Minister of Trade Regulation No. 53/MDAG/PER/9/2012 concerning Amendments to Regulation of the Minister of Trade Number 53/M-DAG/PER/8/2012 concerning the Implementation of Franchises, last amended by Regulation of the Minister of Trade Number 71 of 2019 concerning the Implementation of Franchises.

Minister of Trade Regulation Number 71 of 2019 concerning the Implementation of Franchises is equipped with 4 (four) attachments. The first attachment regulates the material or clauses listed in the franchise offer prospectus. The second attachment regulates the material or clauses of the franchise agreement. The third attachment regulates the franchise logo specifications. The fourth attachment regulates the annual activity report of the franchisor/franchisee.

Furthermore, the franchising business model is also popular and suitable for countries with developing economies, such as Vietnam. The franchising system is very suitable for the entrepreneurial culture in Vietnam, where franchises can make it easier for investors to enter a business with a controlled level of investment and low risk. Franchising began to develop in Vietnam in the 1990s with the introduction of well-known fast food brands such as KFC, Lotteria, and Jollibee. As of April 2020, Vietnam's Ministry of Industry and Trade (MOIT) reported that there were more than 262 foreign franchise businesses registered as franchise businesses in Vietnam. This includes the fast food, bakery, coffee, beverage and restaurant industries. Most franchise owners are from the US, Australia, South Korea, Singapore, Thailand, Japan, Hong Kong, Canada and the Philippines.

It is necessary to pay attention to several challenges that new franchisees must consider in facing the Vietnamese market, namely:

1. Many local companies may not have a full understanding of brand value/integrity and/or legal regulations relating to franchising, so it is important to identify and carry out tests thoroughly with prospective partners to determine their suitability and financial capabilities.
2. Local companies are usually wary of new concepts that require high investment. They are also reluctant to invest in new brands that do not have a strong track record in the region.
3. Finding a suitable and affordable location despite the rapidly growing business centers in Ho Chi Minh City and Hanoi.
4. Cultural differences require adjustments to market strategies. Foreign franchisors should consider adapting to local culture, customs, and tastes to ensure success in the market.

In the past, Vietnam did not provide a clear legal basis regarding the regulation of franchises in its territory, but now it has passed Decree 35/2006/ND-CP (amended by Decree 120/2011/ND-CP in January 2016). According to this regulation, foreign franchise owners are permitted to open their franchise businesses in Vietnam without having to establish a business entity first. However, foreign franchise owners must meet the requirements of having operated the business for one year before opening the franchise business in Vietnam. The main franchisee must also conduct business under a foreign franchisor for one year before sub-franchising in Vietnam. Foreign franchise owners register their activities with the MOIT, while local franchise owners register with the Provincial Department of Industry and Trade. The franchise agreement must be drawn up in Vietnamese and can be translated into English. The Vietnamese government then issued Decree No. 8/2018/ND-CP in January 2018 to change several provisions regarding franchise businesses, which are regulated by MOIT. Based on decision no. 8/2018/ND-CP, Article 5 of Decree no. 35 was revised to remove the requirement for foreign franchise owners to register with MOIT. However, the registration requirements in other articles have not been revised (ITA, 2022b).

Regulations relating to franchising can also be found in the Intellectual Property Law, adopted by the National Assembly on November 29, 2005 (as amended in 2019), and the Law on Technology Transfer, adopted on June 19, 2017. Regulations regarding franchising in Vietnam apply to franchise activities between parties with Vietnamese citizenship, to foreign franchisors who grant franchises to franchisees in Vietnam, and to Vietnamese franchisors who grant franchises to franchisees in foreign countries (Russin & Vecchi, 2022). Despite this, there are almost no real legal cases that reflect the application of regulations or laws, as mentioned above, to resolve disputes between franchisors and other franchisors. In addition, Vietnam also does not have a strong legal policy to support and encourage small and medium-sized businesses when franchising. Currently, Vietnam is in the process of relaxing its franchise laws and regulations to encourage more growth of franchise businesses. More franchises mean more jobs, which is one of the focuses of the Vietnamese government (Edwards, 2019).

Looking further at the rapid development of the franchising system and the widely available market, this is one of the supporting factors for the success of the Mixue franchise in spreading its business wings, both in Indonesia and Vietnam. Indonesia and Vietnam both have a conducive climate that supports the franchise system in the business world, where the population and the population's receptivity to foreign and local franchise businesses mean franchise businesses continue to grow in impressive numbers. This is also accommodated by legal provisions, which can become the basis for operating a franchise in the country concerned. In a way, the legal regulations regarding franchising have provided legal certainty for investors who want to open a franchise business in these two countries. Therefore, the history of the development of the franchise business and legal certainty regarding the implementation of the franchise are certainly important factors, especially in predicting the success of the Mixue franchise scheme in the country concerned, in this case, Singapore, South Korea, and Japan, which in the near future will become business development destinations for the next Mixue franchise.

Firstly, Singapore provides the best and most prominent franchise investment opportunities among other countries in Southeast Asia. Foreign franchises are warmly welcomed in Singapore and account for the majority of franchise sales in the country. The United States is the dominant supplier of foreign franchises in Singapore. Australian franchises, as well as Japanese and Taiwanese franchises, primarily in the food and beverage industry, also have a presence in Singapore. Singapore has consistently topped global benchmark studies, including the World Bank's Ease of Doing Business report and the Global Start-up Ecosystem Index. Coupled with having the best business environment in the world, Singapore is an international hub for franchise businesses seeking global success. Food and beverages is the most popular type of franchise in Singapore.

In general, the initial investment costs for a franchise in Singapore will depend on the type of franchise chosen, but they usually range from \$30,000 to \$500,000. The process of setting up a franchise in Singapore is relatively easy and can be completed within six months. The Singapore government has taken several steps to make it easier for foreign investors to set up franchises here. The success of franchise development in Singapore is based on the following reasons:

1. A pro-business environment: Singapore has a rapidly growing start-up ecosystem and is ranked one of the most advanced ecosystems by global standards in terms of ease of doing business. This pro-business environment helps encourage entrepreneurship and investment and makes it a franchise hub. The Singapore government is also committed to providing various initiatives to protect corporate interests that have proven conducive to achieving success in the highly competitive franchise industry.
2. Rapid growth: The franchise industry has developed rapidly. Mature franchise sectors, such as the Food and Beverage (F&B) sector, as well as emerging sectors such as health and fitness, also promise huge growth potential.

3. Open economy: Investing in Singapore provides large earning potential and access to low tax rates, as well as tax exemptions and incentives. This helps the franchisor to reduce tax costs.
4. Human resources with high capabilities: Singapore tops the World Bank's Human Capital Index, which measures which countries are best at mobilizing the economic and professional potential of their citizens. Consistent efforts by the government, educational institutions, industry, and the labor movement to train the local workforce have ensured that Singapore is able to respond quickly to changing global economic opportunities and has a rich human capital (Sharma, 2022).

The Franchising and Licensing Association of Singapore (FLA) functions as Singapore's national franchise body and seeks to promote and facilitate the growth of both local and foreign franchises. Companies can choose to become members of the FLA. The FLA has issued a Code of Ethics, which is binding only on FLA members. There is no jurisprudence or law that relates specifically to the franchise context. General laws apply to franchise-related issues in Singapore. In addition, these general laws apply to all franchisors and franchisees, regardless of whether they are members of the FLA, and may affect the enforceability of any franchise agreement that falls into the general law category, such as the application of the principle of good faith in franchise agreements, employment law, the Multi-Level Marketing and Pyramid Selling (Prohibition) Act, competition law, Prevention of Corruption Act, and the Penal Code (Julia, n.d.). The FLA, Singapore's national franchise association, has issued a Code of Ethics for franchising, which is binding only on FLA members and contains provisions on terms, contracts regarding franchisees, selection of appropriate franchisees, provision of appropriate business training and guidance, standards of conduct, notice of breaches, rights termination and dispute resolution.

Second, the Republic of South Korea is located in East Asia, with a population of 51.25 million, and 83.2% of people live in urban areas. South Korea ranks fourth in Asia and eleventh in the world in terms of economic development, making it a tempting target for foreign investors. The franchise industry in South Korea has a constructive impact on the economic development of the ginseng country. Franchise businesses have contributed 7.8% of total GDP and employ as many as 1,240,000 people. Franchisees in South Korea tend to prefer doing business with franchisors with established brands that are already popular among Koreans. The majority of franchise companies were established in the country's largest cities such as Seoul (10 million), Busan (3.6 million), Daegu (2.4 million), Incheon (2.8 million), and Gwangju (1.5 million). The majority of the South Korean franchise market is occupied by the food and beverages sector, which controls 67% of the total market. Therefore, the South Korean Franchise Association pays great attention to the large number of fast-food start-ups (Tay, n.d.).

At first glance, the South Korean franchise industry may not be too different from other regions in East Asia. According to the Korea Fair Trade Commission (KFTC), there are approximately 4,268 different franchise businesses operating in the country. The average lifespan of a franchise business is 7.2 years, and only 0.8 percent of food franchises survive for more than 10 years in Korea. However, when examined in more detail, South Korea is a country that has a very high potential for franchise development. For example, the habit of drinking coffee may not be a natural part of the habits of the South Korean population of coffee lovers, but in reality, there are around 14,000 coffee shops (only in the Seoul area), with more than 71,000 shops throughout the country (Peters, 2020).

South Korea is a promising market for foreign franchise businesses for a number of reasons: (a) it is an established market, but it is still growing rapidly, and (b) it is an attractive market for foreign brands. Supported by the relatively high travel dynamics of its population, South Korean consumers are becoming familiar with developed global markets. They are ready to try new products and are consistently looking for new trends and experiences, as well as ways to improve their lifestyle (International Franchise Show, 2023).

In case the franchisor is interested in the South Korean market, then the following matters must be considered: (a) comply with the regulations under Korea's Franchise Business Act and (b) register the necessary documents with the Korea FTC (Korea Fair Trade Commission). Execution of a franchise contract is not permitted unless the franchisor has completed the documents and 14 days have passed since the date of registration of the documents. In general, there are four types of franchise investors in Korea, namely (a) large retailers who have access to capital and real estate; (b) private equity funds seeking to resell the business in the future; (c) individuals and SMEs who have real experience with the franchise system; and (d) individuals and SMEs who are new entrants (ITA, n.d.).

Third, Japan is one of the most attractive franchise markets in the Greater Asia region. The Japanese franchise market is very accepting of all types of franchise businesses, both local Japanese franchises and international franchises. All types of franchise businesses, from minimarkets to fitness centers and various types of food, can successfully develop in Japan if managed properly. This is thanks to a number of factors that have elevated Japan to a leading international business market. The Japan Franchise Association reported last year that about 1,339 franchises existed in the country.

Before starting a franchise in Japan, it is important to have an understanding of Japan's major prefectures, each of which has a GDP and population that will attract international franchise franchisors. Tokyo, for example, is the country's undisputed center of government, business, higher education, media, fashion and culture. Trends are always evolving and originate in Tokyo, and there is a dense concentration of high-income consumers ready to invest and purchase a product. In this regard, the Tokyo area will be the first choice for franchisors who want to find franchisees in Japan for the first time. However, keep in mind that trends always move quickly, and companies trying to survive in the Japanese market must adapt to evolving consumer tastes (ITA, 2022a).

In Japan, there are no regulations governing franchising specifically, but there are various regulations governing franchise businesses in that country, which franchisors must comply with. For example, when a franchisor intends to negotiate a franchise agreement with a prospective franchisee, the Small and Medium Retail Business Promotion Act requires the franchisor to provide a written document to the prospective franchisee and explain the contents of the written document. Regulations relating to franchise businesses in Japan are regulated by the Small and Medium Retail Business Promotion Law, the Law on the Prohibition of Private Monopolization and the Maintenance of Fair Trade (Antimonopoly Law), the Trademark Law, the Prevention Law Unfair Competition and Certain Commercial Transactions Act.

As developed countries, South Korea, Japan, and Singapore promise promising franchise business prospects. This happens because of established economic conditions, high levels of consumer purchasing power, and the availability of markets that can compete in the global industry. Ease of doing business is one of the steps that is being taken seriously by the government in the countries concerned. This is also balanced by the existence of legal regulations that provide certainty for entrepreneurs or investors who want to open a franchise business. Even though some countries, such as Japan and Singapore, do not make specific laws regarding franchising, their general legal regulations are likely to accommodate the interests of entrepreneurs in the franchise business sector. In general, opening a Mixue franchise business in these three countries can lead to success, as is reflected in Indonesia and Vietnam. However, it cannot be denied that there are certain factors that can hinder this success.

Why Singapore, South Korea, and Japan? The selection of these three countries was based on certain considerations, which, of course, were purposive. The main consideration is, of course, the fact that these three countries, as well as Indonesia and Vietnam, are in the same region. These three countries are located on the same continent as Indonesia, so knowing the franchise laws of these three countries will be very relevant for investors from Indonesia. This is also supported by the fact that these countries are also members of the Regional Comprehensive Economic Partnership or RCEP, where China, as the country of origin of MXBC, is also included. Indonesia itself is the latest country to ratify RCEP, which was approved by the DPR on August 31, 2022. RCEP is very relevant because it is claimed to be the world's largest trade bloc currently because it concerns the accumulation of up to a third of the world's population and a third of the world's gross domestic product. RCEP is a free trade agreement between its members, so it is possible that in the future, the price of Mixue's raw materials will be influenced by what is agreed upon in RCEP. At least, for RCEP members, there is a guarantee of clarity and uniformity of tariffs in cross-border trade among its members, compared to other Mixue market countries.

The next reason is that these three countries have a fairly high Ease of Doing Business index, where Singapore is in second place, South Korea is in 5th position, and Japan is in 29th position. As a reference, currently, the respective positions of Indonesia and Vietnam are still in positions 73 and 70. Although franchising is only a small part of the aspects assessed in the EODB, it is a low-risk business method, so it will be widely accessed by both foreign and domestic investors. Therefore, it is worth paying attention to the ease of investors doing franchise businesses in these countries.

The focus of this research is a comparison of legal protection for franchisors and franchisees in Indonesia and Vietnam in order to find out the maximum protection that can be provided by statutory provisions. Apart from that, the researcher also analyzed theories, principles, and legal opinions. The author also compared similar provisions relating to the implementation of franchises in Singapore, South Korea, and Japan.

The selection of these countries is inseparable from the background of the development of franchise business patterns and the role of the government related to the protection of franchise givers and recipients in each of these countries, which is worthy of being used as a reference for the development of franchise business pattern regulations in Indonesia.

The author uses theories, principles, and opinions of legal experts and business experts, which will be summarized into a framework for several reasons: Firstly, each legal expert's theory/opinion becomes a glue and support for various other legal experts' theories/opinions in the context of Indonesian local wisdom. Second, from the franchise law that applies in Vietnam, Singapore, South Korea, and Japan, the concept of justice can be studied, which will later be able to help Indonesian law in elevating the

position of franchise givers and recipients so as to create legal protection for Indonesian national franchise givers and recipients, especially in franchising. Mixue. Thirdly, understanding the correlation between business and law is important so that you can ground the principles and theory of franchise law on a practical level and make it a reference not only for academics and the government but also for budding businesspeople.

4. CONCLUSION

The Mixue franchise scheme in Indonesia and Vietnam is developing very rapidly and can be said to be successful. To achieve even greater progress, Indonesia and Vietnam must pay attention to the ease of doing business. Another factor that must be considered from the lessons learned from the development of franchising in Singapore, Korea, and Japan is openness and increasing the ease of processing business permits. Another important factor to pay attention to in order to support the success of franchise development in Indonesia is the existence of legal protection for the parties, both franchise recipients and franchise givers. The legal protection provided in the provisions of franchise law in Indonesia for parties, both franchisors and franchise recipients, is provided through various legal arrangements that specifically regulate franchising in the form of government regulations, as well as regulations from the Minister of Trade, then supervision and guidance is carried out actively by the Ministry of Trade. The franchisor and franchisee must register with the Ministry of Trade to obtain a Franchisee Registration Certificate. Legal protection is provided through other regulations, such as brand legal protection and legal protection for business competition. This must be considered, too.

Franchise laws are good in Singapore, South Korea, Japan, Indonesia, and Vietnam and have the same characteristics, namely a development pattern for the distribution of goods and/or services that contain Intellectual Property Rights involving both the giver and recipient of the franchise.

There are countries that regulate franchises in separate provisions, and there are countries that do not set out franchise regulations in separate provisions.

The legal protection provided in franchise law provisions in Singapore, Korea, Singapore, South Korea, Japan, Indonesia, and Vietnam is carried out by the Ministry, a separate Commission, or the Franchise Association or even given to the giver and recipient of the franchise.

CONFLICT OF INTEREST

The authors declare that they do not have any conflict of interest.

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