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## THE ROLE OF BENOA PORT IN GENERATING TOURISM BUSINESS OPPORTUNITIES IN BALI

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### Abstract

As the primary gateway for international cruise ships in Bali, Benoa Port plays a strategic role in driving the maritime tourism economy. This study aims to analyze the port's contribution to creating tourism business opportunities, particularly for local micro, small, and medium enterprises (MSMEs) amidst the transformation into the Bali Maritime Tourism Hub (BMTH). A descriptive qualitative method was employed, involving field observations, literature reviews, and in-depth interviews with port authorities, MSME actors, and international tourists. The findings indicate that while cruise passenger arrivals surged to 54,000 in 2024, creating a significant multiplier effect and spending potential up to IDR 1,000,000 per visitor, structural barriers remain. Critical "service gaps", particularly the limited food and beverage facilities inside the terminal and rigid operational SOPs, hinder MSMEs from fully capturing these economic spillovers. The study concludes that optimizing "soft infrastructure" through flexible vendor licensing and synergistic partnerships is essential to ensure that the BMTH project fosters inclusive and sustainable local economic growth.

**Keywords:** Benoa Port, Business Opportunities, Cruise Ships, MSMEs, Bali Maritime Tourism Hub

### 1. INTRODUCTION

Tourism remains the principal driver of Bali's regional economy, contributing substantially to employment generation, household income, and regional Gross Domestic Product (GRDP) (Antara & Sumarniasih, 2017). While international arrivals to Bali have historically been dominated by air transport, maritime tourism—particularly cruise tourism—has demonstrated significant growth in recent years (Downling, 2006). As the island's primary maritime gateway, Benoa Port plays an increasingly strategic role within Bali's tourism value chain, functioning not only as a logistics facility but also as a point of entry connecting global cruise flows with local tourism services. In response to the expansion of cruise activity, the Indonesian government initiated the Bali Maritime Tourism Hub (BMTH) as a National Strategic Project aimed at repositioning the port as an integrated maritime tourism center. The BMTH encompasses cruise terminal modernization, marina development, and the allocation of commercial spaces intended to accommodate local Micro, Small, and Medium Enterprises (MSMEs). From a policy perspective, this transformation reflects a broader development paradigm that seeks to

align infrastructure expansion with inclusive economic growth objectives, ensuring that global tourism mobility generates tangible benefits for local communities.

Theoretically, port development has evolved beyond traditional logistics functions toward multifunctional regional integration. The Port Regionalization framework (Notteboom & Rodrigue, 2011) argues that contemporary ports increasingly operate as economic nodes embedded within wider regional clusters. In tourism contexts, this evolution implies that ports serve not merely as transit infrastructures but as catalysts for local enterprise development and destination branding. Complementing this perspective, community-based tourism and MSME empowerment literature emphasizes that tourism-driven growth must be accompanied by institutional mechanisms that facilitate equitable participation by local actors (Mamengko & Kuntari, 2021). More recent scholarship further highlights that the sustainability of tourism-oriented SMEs depends on adaptive strategies, institutional support, and governance flexibility capable of responding to dynamic market environments (Kaihatu et al., 2024). Despite these theoretical advances, empirical research has largely concentrated on macro-level infrastructure planning, tourism recovery strategies, and general economic impacts of cruise tourism (Putra et al., 2022). Limited attention has been directed toward examining how standardized international port governance systems—including security regulations, spatial zoning arrangements, and operational Standard Operating Procedures (SOPs)—shape the actual capacity of local MSMEs to integrate into cruise-based tourism ecosystems. In many developing destinations, infrastructure-led tourism growth does not automatically translate into inclusive economic outcomes, particularly when regulatory frameworks and commercial allocation mechanisms are not fully aligned with the operational realities of small-scale entrepreneurs.

The rapid increase in cruise passenger arrivals at Benoa Port—from 6,171 passengers in 2020 to 54,000 in 2024—illustrates the substantial economic potential generated by maritime tourism flows. Cruise passengers typically demonstrate relatively high per-visit spending patterns, creating opportunities for transportation providers, tour operators, handicraft producers, culinary vendors, and other local service businesses. Nevertheless, the degree to which this quantitative growth produces qualitative improvements in local business participation remains insufficiently examined. Preliminary field observations indicate the presence of institutional and operational frictions, including limited diversification of terminal-based services, constrained vendor access within the cruise terminal area, and rigid SOP implementation. These conditions suggest the emergence of a “service gap” between globally standardized port management frameworks and the stated objective of fostering inclusive local economic empowerment.

Addressing this gap requires moving beyond descriptive accounts of cruise growth toward a critical analysis of governance structures and socio-economic integration mechanisms operating within the port environment. Accordingly, this study aims to analyze how the transformation of Benoa Port into the Bali Maritime Tourism Hub generates tourism business opportunities while simultaneously shaping the institutional constraints that influence MSME participation. By focusing on the micro-level dynamics of port governance and local enterprise integration, this research seeks to extend existing discussions on port regionalization and inclusive tourism development through an institutional perspective. Empirically, the study provides grounded insights into how national strategic infrastructure projects can better align global maritime operational standards with localized economic participation mechanisms. The findings are expected

to contribute to the refinement of inclusive port governance models and to support the development of more sustainable and equitable tourism-led growth strategies in Bali.

## **2. LITERATURE REVIEW**

Ports function as critical nodes in global trade and transport systems, serving not only as gateways for the movement of goods and people but also as drivers of regional development through job creation and the stimulation of associated industries (Notteboom & Rodrigue, 2011). In developing economies like Indonesia, their role has broadened beyond logistics to include tourism, fisheries, warehousing, and other service-oriented activities (Mulyono, 2021). Benoa Port reflects this expanded functionality by handling both commercial cargo and cruise tourism, while also being integrated into Bali's broader tourism value chain.

Business opportunities are understood as favorable conditions that allow for the establishment and growth of enterprises responding to unmet or emerging market demands (Shane & Venkataraman, 2000). In tourism, the identification of such opportunities is shaped by evolving consumer preferences, technological innovations, and new models of service delivery (Bygrave & Zacharakis, 2011). Cruise tourism generates opportunities through steady visitor flows, seasonal demand surges, and the specific expectations of international travelers, which in turn spur entrepreneurial initiatives in transportation, food and beverage, tour guiding, and cultural performances.

Tourism itself is a multifaceted activity with economic, social, and cultural dimensions, involving the temporary movement of individuals to destinations beyond their usual environment (UNWTO, 2008). Indonesia's Law No. 10 of 2009 defines tourism enterprises as those engaged in accommodation, transportation, food and beverage, guiding, handicrafts, and attraction services. These enterprises are thus central to delivering tourist satisfaction and generating economic benefits for local communities (Hall & Williams, 2019). Their sustainability increasingly depends on strategic management and the capacity to adapt to new infrastructure developments, such as the Bali Maritime Tourism Hub (Kaihatu et al., 2024).

## **3. RESEARCH METHODS**

This study adopts a qualitative approach to gain a deeper understanding of how the transformation of Benoa Port influences business opportunities for local Micro, Small, and Medium Enterprises (MSMEs). A qualitative design was considered most appropriate because the research seeks to explore lived experiences, institutional practices, and governance dynamics that cannot be sufficiently explained through numerical data alone. The focus is therefore placed on understanding processes, perceptions, and interactions within the cruise terminal environment. The research was conducted at Benoa Port in Denpasar, Bali, particularly within the cruise terminal area and its surrounding commercial spaces connected to the Bali Maritime Tourism Hub development. Fieldwork took place from February to April 2025, during active cruise docking periods, allowing the researcher to directly observe passenger flows and business activities. A total of sixteen participants were involved in this study. They consisted of three port management representatives, eight MSME owners operating within or near the cruise terminal area, and five international cruise passengers. Participants were selected using purposive sampling for port officials and MSME operators, as they possess direct knowledge and involvement in port governance and cruise-related business activities. The selection criteria included active engagement in cruise operations and willingness to share insights

regarding opportunities and constraints within the port ecosystem. Cruise passengers were approached during docking periods using convenience sampling. Their inclusion aimed to capture immediate impressions regarding terminal facilities, services, and consumption behavior.

Data were gathered through three complementary techniques. First, direct field observations were conducted within the cruise terminal area. The researcher documented spatial arrangements, vendor positioning, service facilities, passenger movement patterns, and general operational conditions. Observational notes were recorded systematically to support interview findings. Second, in-depth semi-structured interviews were carried out with all participants. Each interview lasted approximately 30 to 60 minutes. An interview guide was prepared to explore themes such as perceived business opportunities, operational challenges, implementation of Standard Operating Procedures (SOPs), access to terminal space, and experiences related to the Bali Maritime Tourism Hub transformation. With participants' consent, interviews were recorded and later transcribed for analysis. Third, document analysis was conducted to complement primary data. Policy documents, port development reports, and relevant academic literature were reviewed to provide contextual understanding and to support analytical triangulation.

The collected data were analyzed using a thematic approach. Interview transcripts and field notes were carefully read multiple times to identify recurring patterns and significant statements. Initial codes were generated and subsequently grouped into broader themes reflecting economic opportunity generation, institutional constraints, governance mechanisms, and MSME integration dynamics. The analytical process followed an iterative pattern of reducing data, organizing emerging themes, and verifying interpretations. Findings from different sources—interviews, observations, and documents—were continuously compared to ensure consistency and depth of understanding. The interpretation of themes was then linked to relevant theoretical perspectives, particularly port regionalization and inclusive tourism development frameworks. To enhance credibility, the study applied data triangulation by comparing information obtained from multiple participant groups and data collection methods. Selected participants were also re-contacted to confirm the accuracy of key interpretations. These steps helped ensure that the findings reflect participants' perspectives faithfully and reduce the risk of researcher bias. This research focuses on a single case study at Benoa Port, which may limit the broader generalizability of its findings. The number of participants, although adequate for qualitative inquiry, remains relatively limited. In addition, the study was conducted within a specific operational period and may not fully capture seasonal variations in cruise tourism activity. Future studies could expand the scope by incorporating comparative port cases or longitudinal data collection to provide a more comprehensive understanding of cruise-based tourism integration in Indonesia.

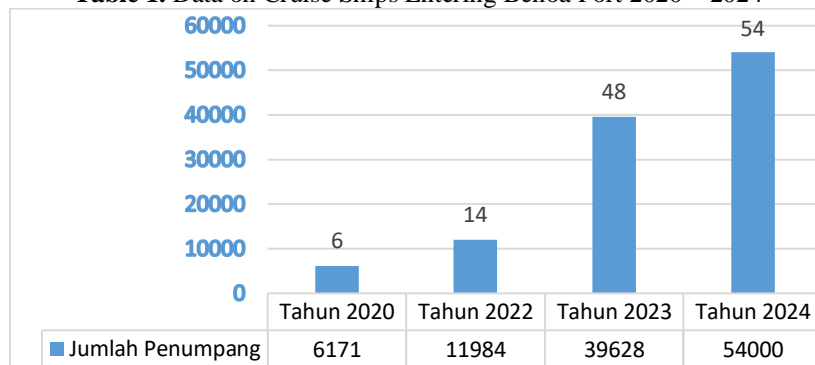
#### **4. FINDINGS AND DISCUSSION**

The findings reveal a complex interplay between expanding cruise tourism flows and the institutional structures that shape local business participation at Benoa Port. While the transformation into the Bali Maritime Tourism Hub has generated measurable economic opportunities, several structural constraints continue to mediate the extent to which these benefits are captured by local MSMEs. The analysis produced three major themes: (1) economic opportunity expansion, (2) institutional and spatial constraints, and (3) service diversification gaps within the terminal environment.

#### 4.1 Expanding Cruise Arrivals and Emerging Business Opportunities

The data further show that Bena Port has become the main entry point for cruise ships to Bali, with steadily increasing cruise arrivals. Based on the passenger arrival data, there has been a drastic surge in volume: from 6,171 passengers in 2020 to 54,000 passengers in 2024. This trend indicates that cruise ship visits to Bena Port provide significant direct economic impacts, even though the overall number of sea-borne tourists remains relatively small compared to air travel. Cruise passengers exhibit high spending tendencies per visit, making them a highly potential target market for the tourism service sector. Business actors confirm this perspective, noting that cruise ship arrivals bring hundreds of passengers who actively shop and use local services, with average spending ranging from IDR 100,000 to IDR 1,000,000 per visitor. Based on the passenger arrival data, there has been a drastic surge in volume: from 6,171 passengers in 2020 to 54,000 passengers in 2024. This trend is further detailed in the following table 1.

**Table 1.** Data on Cruise Ships Entering Bena Port 2020 – 2024



Source: Researchers (2025)

The figures underscore the substantial direct economic impact generated by cruise tourism. These findings align with the economic spillover theory, which posits that tourist inflows stimulate a multiplier effect across the regional economy. Some entrepreneurs have even secured direct contracts with travel agencies to deliver short excursion packages to destinations beyond the port, thereby extending economic circulation from the terminal into Bali’s broader tourism landscape. The high consumption levels of cruise passengers create robust demand for tour guides, vehicle rentals, cultural performances, and producers of Balinese souvenirs.

All participant groups acknowledged that the significant increase in cruise arrivals has created new economic prospects. MSME operators consistently reported higher customer traffic during docking periods, particularly for handicrafts, transportation services, and short excursion packages. One MSME owner explained:

“When cruise ships arrive, the number of visitors increases sharply. Even if they stay only a few hours, many of them buy souvenirs or use local transport services”.

Similarly, a port official noted:

“The growth in cruise passengers has brought new momentum. It opens opportunities not only for businesses inside the port but also for operators offering short tours outside the terminal”.

These statements reflect a perceived multiplier effect, where passenger flows stimulate demand across interconnected sectors, including transport providers, tour

guides, and cultural product vendors. Several MSME operators indicated that cruise passengers tend to spend between IDR 100,000 and IDR 1,000,000 per visit, depending on the duration of stay and the type of services purchased. However, while the quantitative growth is evident, participants emphasized that opportunity distribution remains uneven.

#### **4.2 Institutional and Spatial Constraints on MSME Participation**

Despite increased passenger volumes, MSME actors reported limitations in accessing strategic commercial spaces within the cruise terminal area. Spatial zoning arrangements and licensing procedures were frequently mentioned as key barriers. One MSME operator stated:

“We are allowed to operate, but not all vendors can access the main passenger flow area. The placement determines whether we get customers or not”.

Another participant highlighted procedural rigidity:

“The Standard Operating Procedures are strict, especially regarding security and vendor access. Sometimes small businesses find it difficult to comply with all requirements”.

Port officials acknowledged that international cruise standards require high levels of security and operational control. However, they also recognized the tension between maintaining global compliance and accommodating local entrepreneurial needs. These findings suggest that while infrastructure development has progressed, institutional arrangements may inadvertently restrict full MSME integration. The data indicate that business opportunity creation is not solely dependent on passenger volume but also on governance flexibility and spatial inclusivity.

#### **4.3 Service Diversification and the Terminal “Experience Gap”**

A recurring theme emerging from tourist interviews was the limited diversity of food and beverage options within the terminal area. While souvenir shops were relatively available, culinary services were perceived as insufficient. One international passenger remarked:

“I expected to try Balinese food as soon as I arrived, but inside the port there were mostly souvenir shops. I had to go outside to find something to eat”.

This perception was echoed by MSME participants who believed that broader service diversification—particularly in food and beverage—could significantly increase passenger spending within the terminal itself. The absence of varied culinary offerings suggests what may be described as an “experience gap” between passenger expectations and available services. Although cruise tourists are typically short-stay visitors, their first point of contact with the destination occurs at the port. Limited service diversity may therefore constrain the potential economic spillover within the terminal area.

#### **4.4 Synthesis of Findings**

Overall, the findings indicate that the transformation of Benoa Port into a maritime tourism hub has generated tangible economic opportunities for local MSMEs through increased cruise arrivals. However, the extent to which these opportunities translate into inclusive local development is shaped by institutional governance mechanisms, spatial allocation policies, and service diversification strategies. The data demonstrate that passenger growth alone does not guarantee equitable economic participation. Instead, the

alignment between global port standards and localized business integration mechanisms plays a crucial mediating role in determining how benefits are distributed across local economic actors.

The findings of this study demonstrate that the transformation of Benoa Port into the Bali Maritime Tourism Hub represents more than an infrastructure upgrade; it reflects an ongoing institutional restructuring process that reshapes the relationship between global maritime mobility and local economic participation. While cruise passenger growth has generated measurable economic opportunities, the extent of inclusive benefit distribution remains mediated by governance mechanisms and spatial arrangements within the port environment. From the perspective of Port Regionalization theory (Notteboom & Rodrigue, 2011), ports evolve into multifunctional nodes embedded within broader regional economic systems. The case of Benoa Port partially confirms this theoretical trajectory. The port no longer functions solely as a logistical gateway but increasingly acts as an interface connecting international cruise flows with Bali's tourism economy. The observed multiplier effects—particularly in transportation services, short excursion packages, and handicraft sales—illustrate how cruise arrivals stimulate interconnected local sectors.

However, this study extends the Port Regionalization framework by demonstrating that physical integration alone does not guarantee institutional inclusivity. While infrastructure expansion has progressed, governance rigidity—especially in vendor zoning, licensing procedures, and SOP implementation—emerges as a mediating factor that shapes the depth of MSME integration. In this sense, the findings highlight the importance of what may be termed “institutional alignment” between global operational standards and localized entrepreneurial capacities. The results also contribute to the discourse on inclusive tourism development. Existing literature emphasizes that tourism-driven growth must incorporate community-based participation to ensure equitable economic outcomes (Mamengko & Kuntari, 2021). The present study confirms this principle but further reveals that inclusion is not merely a matter of allocating commercial space. Instead, it requires adaptive governance that recognizes the structural limitations faced by small-scale entrepreneurs. When spatial access and service diversification remain restricted, the economic multiplier effect becomes unevenly distributed.

The identified “service diversification gap,” particularly in food and beverage offerings, further underscores the interplay between visitor expectations and institutional design. Cruise tourists' first interaction with the destination occurs at the port terminal. Limited culinary representation within the terminal suggests that experiential integration has not yet fully aligned with destination branding objectives. This gap reflects a broader challenge in balancing international security standards with the flexibility required for authentic local representation. Importantly, the findings suggest that inclusive port development requires attention to both “hard infrastructure” and “soft infrastructure.” While the BMTH project has significantly improved physical facilities, the sustainability of MSME participation depends on regulatory flexibility, transparent licensing mechanisms, and strategic tenant diversification. This insight enriches recent scholarship on tourism-oriented SME sustainability, which argues that institutional support structures are central to long-term competitiveness (Kaihatu et al., 2024).

In theoretical terms, this study contributes by introducing a micro-level institutional lens to port development analysis. Rather than treating cruise growth as inherently beneficial, the research demonstrates how governance arrangements mediate opportunity realization. By foregrounding the concept of institutional friction within

standardized port environments, the study provides a nuanced understanding of how large-scale infrastructure projects intersect with local economic ecosystems. Beyond the specific case of Benoa Port, the findings hold broader implications for maritime tourism destinations in developing contexts. National strategic infrastructure projects frequently prioritize physical expansion and global competitiveness. However, without deliberate governance mechanisms that facilitate MSME integration, the anticipated multiplier effects may not fully materialize at the community level. Thus, sustainable cruise tourism development requires institutional adaptability alongside infrastructure modernization.

## 5. CONCLUSION

The transformation of Benoa Port into the Bali Maritime Tourism Hub illustrates a significant institutional shift in Bali's maritime tourism landscape. The substantial growth in cruise passenger arrivals demonstrates the port's expanding role within the regional tourism economy and confirms its potential to generate a multiplier effect across transportation, handicraft production, excursion services, and other MSME-driven sectors. However, this study reveals that infrastructure expansion alone does not automatically ensure inclusive local economic participation. While business opportunities have increased, their distribution remains shaped by institutional arrangements, spatial zoning policies, and the rigidity of operational procedures. The findings highlight the importance of aligning global port governance standards with localized entrepreneurial capacities to minimize institutional friction and enhance equitable economic integration.

This study contributes to the literature by extending Port Regionalization theory through a micro-level institutional perspective. Rather than conceptualizing port transformation solely as a process of spatial and economic integration, the research demonstrates that governance structures mediate how opportunities are realized by local actors. By foregrounding the concept of institutional alignment between standardized port operations and MSME participation, the study enriches discussions on inclusive tourism development in emerging maritime destinations. To strengthen inclusive outcomes, several practical measures are recommended: (1) Greater flexibility in vendor licensing and zoning allocation within cruise terminal areas; (2) Diversification of terminal-based services, particularly in culinary offerings, to enhance experiential integration; (3) Structured partnership schemes between port authorities and local MSMEs to improve access to strategic commercial spaces; (4) Periodic evaluation of Standard Operating Procedures (SOPs) to ensure that security compliance does not unintentionally restrict small-scale entrepreneurial participation.

These measures may help optimize the balance between global operational standards and local economic empowerment. This study is limited to a single case analysis of Benoa Port and reflects conditions observed during a specific operational period. The relatively small number of participants, while appropriate for qualitative inquiry, limits broader generalization. Future research could adopt comparative multi-port studies, incorporate longitudinal data, or employ mixed-method approaches to assess long-term economic impacts of cruise-based tourism integration in Indonesia and other developing maritime destinations.

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