

THE IMPACT OF INCREASING COOKING OIL PRICES ON FOOD CONSUMPTION PATTERNS IN VARIOUS HOUSEHOLD INCOME GROUPS IN ACEH PROVINCE

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Abstract

Consumption of cooking oil from year to year continues to increase, especially in Aceh Province. In general, almost all people in this area consume cooking oil derived from oil palm plants for household needs. As one of the basic needs, the increase in the price of cooking oil has affected changes in household consumption patterns. This study aims to analyze the impact of rising cooking oil prices on changes in people's food consumption patterns in various household income groups in a quantitative descriptive manner. The results of the analysis show that the increase in the price of cooking oil has an impact on changes in food consumption patterns, namely a decrease in consumption of several food needs other than cooking oil. This decline occurred in various household income groups in Aceh Province.

Keywords: *impact, price, cooking oil, income, household, consumption patterns*

1. INTRODUCTION

Basic needs are needs that are absolutely needed by all levels of society in various income groups, both those with upper middle income and lower middle income. Therefore, changes in the price of basic necessities will have an impact on changes in people's consumption patterns for both food and non-food needs. However, if there is an increase in staple goods, the greatest impact will be felt by the lower middle class compared to the upper middle class. The scarcity and increase in the price of basic necessities, especially the types of food that very quickly received reactions from the public in general, were rice, cooking oil, sugar, fish, meat and several other types. As one of the basic needs, Changes in cooking oil prices will certainly have an impact on people's consumption patterns, both in rural and urban areas, regardless of social and economic status. The increase in the price of cooking oil that occurred in the last few months nationally did not only have an impact on economic and political aspects. In this regard, Amang, et al, (1996) argued that from various experiences it was shown that scarcity and rising cooking oil prices had political and economic impacts on the national economy. This is very reasonable because cooking oil is a strategic commodity in Indonesia. The increase in the price of cooking oil that occurred in the last few months nationally did not only have an impact on economic and political aspects. In this regard, Amang, et al, (1996) argued that from various experiences it was shown that scarcity and rising cooking oil prices had political and economic impacts on the national economy. This is very reasonable because cooking oil is a strategic commodity in Indonesia. The increase in the price of cooking oil that occurred in the last few months nationally did not only have an impact on economic and political aspects. In this regard, Amang, et al, (1996) argued that from various experiences it was shown that scarcity and rising cooking oil prices had political and economic impacts on the national economy. This is very reasonable because cooking oil is a strategic commodity in Indonesia.

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Consumption of cooking oil from year to year continues to increase, especially in Aceh Province. In general, almost all people in this area consume cooking oil derived from oil palm plants for household needs. Based on information obtained from the people in this area, the main reason why people choose to consume this cooking oil is because apart from being easy to obtain, the price of palm cooking oil is also very affordable for various levels of society. The results of the National Socioeconomic Survey (Susenas) conducted by BPS, show that sethe length of the 2015-2020 period, consumption of palm cooking oil, especially at the household level increased by 2.32 percent per year. However, at the end of 2021, when the price of Crude Palm Oil (CPO) has increased, it will be followed by an increase in the price of palm cooking oil. On the one hand cooking oil is one of the staple food needs of households, on the other hand the level of people's income has not changed. In this regard, it is necessary to study the extent to which the surge in cooking oil prices has had an impact on changes in consumption patterns of households in the community Aceh Province.

2. LITERATURE REVIEW

2.1 Revenue and Purchasing Decisions

Income is the total receipt in the form of money or non-money received by a person or household as remuneration for the use of factors of production during a certain period (Raharja and Manurung, 2010; Winardi, 1992; Sukirno, 2006). Household income will determine consumption expenditure and the level of household welfare (Fadilla 2014). Thus income is an illustration of the economic position of the family in society. Family income is the total income and wealth of the family which is used to divide the family into three income groups, namely: low income, middle income and high income. Everyone who works will try to earn the maximum amount of income in order to meet their needs.

The size of a household's income also greatly influences the decision to make purchases of household needs. According to Schiffman and Kanuk (2014) purchasing decisions are defined as a choice of two or more alternative choices. Purchasing decision is the stage in the buyer's decision-making process where consumers actually buy (Kotler & Armstrong, 2014). Therefore, high or low income not only affects the quantity but also affects the quality of goods to be purchased, especially for staple goods such as groceries. Income will affect the number of goods consumed, often with increasing income, the goods consumed not only increase, but also the quality of these goods becomes a concern (Hanum, 2018). For example, between low income levels and high income levels there will be a difference in the amount of packaged cooking oil consumed, besides that before there is an additional income the cooking oil consumed is of lower quality than packaged cooking oil such as bulk cooking oil, but after the addition of income then cooking oil consumption is of better quality, namely packaged cooking oil (Fitriana, 2015).

2.2 Changes in Food Prices and Consumption Patterns

Consumption is the amount of expenditure incurred by each household in one month to fulfill their life needs, both food and non-food (Indrianawati et al, 2015). Consumption pattern is a variety of information that provides an overview of the types and quantities of ingredients eaten each day by one person and is characteristic for a group (Handayani, 1994; Baliawati, et al. 2004). Cooking oil is a food commodity that is consumed by many people. In general, in compiling consumption patterns, a person will prioritize basic needs. In addition, cooking oil is one of the basic needs with an inelastic demand elasticity. This means that if there is an increase in the price

of cooking oil, consumers will only slightly reduce demand for cooking oil, but consumers will adjust their consumption patterns for other foods. Like cooking oil, rice is also a staple food. When there is an increase in the price of rice in the short term it only reduces the demand for rice commodities slightly.

3. RESEARCH METHODS

This research was conducted on household consumers of packaged cooking oil in 3 (three) traditional markets in Aceh Province using a survey method. The research locations were determined in three areas, namely the Setui Market in Banda Aceh City, the Krueng Mane Market in North Aceh Regency and the Inpres Market in Lhokseumawe City. Furthermore, by using the accidental sampling technique as a sampling technique, it was determined that there were 25 respondents at each of these locations as research samples, so that the total sample in this study was 75 household consumers with the sample criteria being already married.

Data analysis in this study used descriptive quantitative methods to analyze the impact of rising cooking oil prices on food consumption patterns in various household income groups. Beginning with asking questions using a questionnaire regarding the demand for cooking oil before and after the price increase, then grouping based on income level with the criteria;

1. Low income (< IDR 2.5 million)
2. Moderate income (IDR 2.5-IDR 5 million)
3. High income (> IDR 5 million)

4. RESULTS AND DISCUSSION

4.1 Development of Cooking Oil Prices in Aceh Province

In December 2019, the average price of cooking oil was IDR 13,350 per liter, while in December 2021 the price moved up to IDR 19,400 per liter. That way, for three years the price of cooking oil increased by an average of 15.01 percent per year. The Central Statistics Agency (BPS) noted that cooking oil prices increased from October 2021 to March 2022. This happened to bulk and packaged cooking oil. The increase in cooking oil prices did not only occur at the national level, but also occurred in all provinces in Indonesia, including Aceh Province. The development of cooking oil prices in Aceh Province is shown in the following graph:

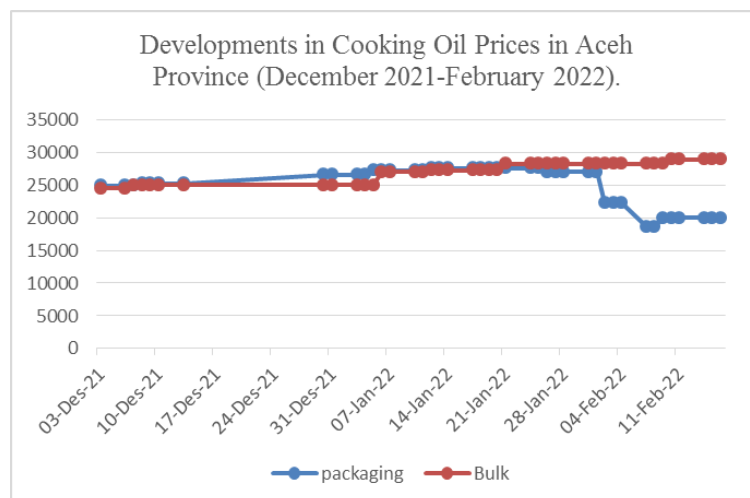


Figure 1 Information Center for National Strategic Food Prices, 16 February 2022

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The graph above shows that at the end of 2021, in the early stages, there will be an increase in the price of cooking oil until February 2022, the prices for the two cooking oils will still fluctuate. In addition, the price of packaged cooking oil tends to be lower than bulk cooking oil. The government's policy of one-price cooking oil was unable to stop the rising price of cooking oil and even resulted in cooking oil becoming scarce. The scarcity of cooking oil on the market has occurred since the government provided subsidies by imposing a cooking oil policy of IDR 14,000 per liter, on 19 January 2022. Then in early February 2022, the government set the highest retail price (HET), each for bulk cooking oil Rp. 11,500, simple packaged cooking oil Rp. 13,000, and premium packaged cooking oil Rp. 14,000. However, until mid-March 2022, cooking oil shortages were still occurring in various regions. Stocks of cooking oil are now abundant after the government officially revoked the highest retail price (HET) policy for packaged cooking oil as of March 16, 2022. However, the availability of this cooking oil was accompanied by soaring prices.

4.2 Cooking Oil Consumers in Aceh Province

Cooking oil circulating in society consists of 2 categories, namely bulk cooking oil and packaged cooking oil (Alyas, et al, 2006). For industrial needs, both medium industry and home industry (home industry) are more dominant using bulk cooking oil, while for household consumption the majority use packaged cooking oil with various brands. The results showed that 68.89 percent of consumers used packaged cooking oil for household needs. The tendency for household consumers to use packaged cooking oil is because it is considered cleaner and more hygienic, although the price is more expensive than bulk cooking oil. Related to the amount of demand for cooking oil is strongly influenced by various factors such as the price of cooking oil, number of family members (dependents), income level, consumption patterns and various other factors. The average number of dependents on site.

4.3 Analysis of the Impact of Increasing Cooking Oil Prices on Changes in Food Consumption Patterns in Various Household Income Groups in Aceh Province

The problem of cooking oil that has occurred recently has caught the attention of all parties in the country, from the government, entrepreneurs to households. Starting with an increase in the price of Crude Palm Oil (CPO), it will eventually result in an increase in the price of cooking oil. The government's Highest Retail Price (HET) policy has not succeeded in reducing the price of cooking oil, and even cooking oil had become a rare commodity. After the HET was repealed, cooking oil was no longer a rare item or easy to find on the market, both in traditional and modern markets, but the price was still very high.

Based on the results of research conducted on household consumers, it shows that the increase in cooking oil prices has an impact on changes in household consumption patterns, especially food goods. This change occurred because, on the one hand, cooking oil is a necessity and on the other hand, household income has not changed/fixed. Changes in household consumption patterns as a result of the increase in cooking oil are shown in the following table.

Table 1 Household Consumption Patterns Before and After the Increase in Cooking Oil Prices for Consumers with Low Income Groups in Aceh Province

Types of Basic Needs	Before Increase in Cooking Oil (Rp.)	After Increase in Cooking Oil (Rp.)	Change (%)
Rice	433,766.67	433,766.67	0.00
Chicken meat	160,000.00	80,000.00	50.00
Egg	87,733.33	49,244.44	43.87
Fish	254,833.33	227,416.67	10.76
Side dishes	231,666.67	77,222.22	66.67
Sugar	56,000.00	37,333.33	33.33
Tea	5600.00	5600.00	0.00
Coffee	10333.33	9500.00	8.06
Total	1,239,933.33	920083.33	25.80

Source: Primary data (processed)

The increase in cooking oil prices, which was not accompanied by an increase in income, had an impact on changes in food consumption patterns, especially for household consumers. The results of the analysis as shown in Table 1 show that for households with low income groups, adjustments to consumption patterns are made. All types of basic food needs are still consumed, only reducing the amount. Thus the allocation of funds is also reduced. Side dishes were the type of food that experienced the highest decline, namely 66.67 percent. Meanwhile, not a single household experienced a decline in both quantity and quality. This is because rice is the main food requirement compared to other types. While the type of tea was also not reduced because according to information from them, tea is only consumed 1 box in 1 month with a price that is not too expensive. Overall, households with low income groups make changes in food consumption with a decrease of 25 percent per month.

Table 2 Household Consumption Patterns Before and After the Increase in Cooking Oil Prices for Middle/Middle Income Consumers in Aceh Province.

Types of Basic Needs	Before Increase in Cooking Oil (Rp.)	After Increase in Cooking Oil (Rp.)	Change (%)
Rice	465,000.00	423,567.67	8.91
Meat	170,000.00	0.00	100.00
Chicken meat	300,000.00	200,000.00	33.33
Egg	74,000.00	74,000.00	0.00
Fish	420,000.00	213,000.00	49.29
Side dishes	253,000.00	243,000.00	3.95
Sugar	54,000.00	37,333.33	30.86
Tea	5600.00	5600.00	0.00
Coffee	85,000.00	85,000.00	0.00
Total	1,826,600.00	1,281,501.00	29.84

Source: Primary data (processed)

Table 2 shows that middle-income consumers also experience adjustments in their food consumption patterns as a result of rising cooking oil prices. The results of the analysis in Table 2

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show that in the middle-income household group after the increase in cooking oil prices they no longer consume meat but still consume chicken meat, although it has decreased slightly. Eggs, tea and coffee did not decrease in this income group, while the highest decrease was in the consumption of fish but side dishes only experienced a slight decrease. This is because in some households certain side dishes can be substitutes for fish. Although the revenue allocation for rice has seen a decline, but actually the amount of rice consumed has not changed, only some households replace rice with lower consumption at a lower price. Overall, the decrease in income for food allocation in this group was 29.24 percent.

Table 3 Household Consumption Before and After the Increase in Cooking Oil Prices for High-Income Consumers in Aceh Province.

Types of Basic Needs	Before Increase in Cooking Oil (Rp.)	After Increase in Cooking Oil (Rp.)	Change (%)
Rice	475,000.00	475,000.00	0.00
Meat	170,000.00	80,000.00	52.94
Chicken meat	300,000.00	200,000.00	33.33
Egg	74,000.00	74,000.00	0.00
Fish	420,000.00	350,000.00	16.67
Side dishes	253,000.00	243,000.00	3.95
Sugar	62,000.00	62,000.00	0.00
Tea	5600.00	5600.00	0.00
Coffee	100,000.00	100,000.00	0.00
Total	1,859,600.00	1,589,600.00	14.52

Source: Primary data (processed)

Based on the results of the analysis of households with high income groups as shown in Table. 3 shows that of the 9 (nine) types of basic needs studied, 5 (five) of them did not change, namely rice, eggs, sugar, tea and coffee. The increase in the price of cooking oil had little effect on changes in the consumption pattern of this group. Overall only 14.52 percent per month

5. CONCLUSION

1. The increase in cooking oil prices had an impact on changes in food consumption patterns, namely a decrease in budget allocations for food needs for various household income groups in Aceh Province.
2. The highest changes in food consumption patterns in Aceh Province occurred in household consumers with middle/middle income groups.

6.SUGGESTION

The increase in cooking oil prices resulted in a decrease in people's purchasing power and affected changes in their food consumption pattern. It is hoped that there will be a government policy to reduce the price of cooking oil that is affordable by the purchasing power of the people, especially household consumers in the lower middle income group.

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