

Analysis of Consumption Patterns of Finished Food and Beverages in Central Sulawesi Households in the Digital Era

Santi Yunus^{1*}, Farida Millistuty¹, Meity Ferdiana Paskual¹, Rita Yunus¹, Laendatu Paembonan¹

¹Faculty of Economic and Business Tadulako University Palu, Indonesia
Corresponding author. Email : santishelo@yahoo.co.id

ABSTRACT

This study aims to analyze the pattern of consumption of food and beverages in Central Sulawesi Province households in the digital era. This study employs a quantitative descriptive method utilizing primary data through the 2020 National Socio-Economic Survey released by BPS Central Sulawesi Province. The object of research is households in Central Sulawesi Province in 2020, the number of households is 7418. The analysis is carried out through interactive analysis, namely the process of data collection, data reduction, interpretation, and drawing conclusions. The analysis consists of three streams of activities that occur simultaneously, namely: data reduction, data presentation, conclusion drawing/verification. The results show that in the digital era there is a shift in household consumption patterns in Central Sulawesi Province. Households with high income allocate more of their income, both in percentage and nominal terms, for the consumption of Prepared Food and Beverages compared to low-income households. However, at a certain point, the portion of food and beverage consumption to income will decrease because it has reached its maximum in quantity and quality, so that income will be allocated more for non-food consumption such as physical and non-physical investment and other valuables. In the digital era, the culinary industry is increasing, there is an increase in consumption of Prepared Food and Beverages in Central Sulawesi.

Keywords: Digital Age, Prepared Food and Beverages, Household Consumption

1. INTRODUCTION

The current era of globalization shows the use of technology and information is very fast where human life depends on technology. All aspects of life are digital. Business actors are competing to adapt to changes, customer satisfaction is the main thing. To reach a broad market, online marketing is an alternative.

During the pandemic, restrictions on activities outside the home are imposed, this aims to break the chain of the spread of the corona virus. The use of digital media has increased, people choose to shop online. The pattern of household consumption began to shift, for example, to meet the food and beverage needs, households tended to choose ready-to-eat foods and beverages. Households use digital media to obtain ready-to-eat food and beverages. Selling food and beverages online expands market share and increases sales. Digitization creates a new order in distribution, which increases interconnection. Where, from the data collected, emerges a better and more accurate understanding of customers and markets. Where

some special mobile or web applications are born to accelerate food and beverage industry innovation [1].

The results of a survey from the Nielsen Singapore Report, 2019 that 58 percent of Indonesians buy ready-to-eat food and drinks through online applications via mobile phones. However, the results of Maharani & Darmawan, 2020 research that the use of e-money in Batam City food and non-food consumption expenditure is still less than entertainment consumption [2] In general, digital transformation seems to contribute to every corner of life, affecting all aspects of life. players, including food distribution, retailers, production, and restaurants [3].

Central Sulawesi province consists of thirteen districts/cities, each district has different consumption. Household consumption consists of food and non-food. In non-food household needs, including the use of digital, digital has become part of household needs because in the modern era, the role of digital is very much needed.

The Central Statistics Agency (BPS) noted that digital use in Central Sulawesi increased, in 2018 by

28.94 percent, increasing to 35.52 percent in 2019. The spread of digital use in Central Sulawesi is increasingly widespread and reaches districts/cities in Central Sulawesi. The digital era will provide easy access to information, and perform digital transactions. Household expenditures from the expenditure group for food consumption include grains, nuts, beverage ingredients, and prepared food and beverages. Based on the September 2015 Susenas data, 52 percent of household expenditure allocations were on food consumption, while 49 percent for non-food expenditures.

Based on the description above, this study "Analyzes Consumption Patterns of Processed Food in Central Sulawesi Province Households in the Digital Era".

2. LITERATURE REVIEW

The Consumption Theory of Ernst Engel (1821 - 1896) stated that people's income which continues to increase will reduce the proportion of income for food and beverage needs. Welfare is getting better marked by a decrease in spending on food, which tends to decrease, while non-food is increasing. There are four factors that influence the shift in consumption, namely changes in income per capita, consumer preferences, price of other goods, substitution goods, and consumer expectations.

Keynes's Consumption Theory, According to Keynes, current consumption has a direct relationship with income. Where the income that has in a certain time will affect a person's consumption. According to Keynes, the marginal propensity to consume is the increase in consumption as a result of an increase in income. Marginal propensity to consume, i.e. an increase in consumption as a result of an increase in income by one unit, ranges between 0 and 1. This assumption explains that the higher a person's income, the higher his consumption and savings. Keynes' second conjecture is that the marginal propensity to consume, an increase in income will decrease the average propensity to consume, this happens because part of the rest of the income is allocated as savings. The proportion of people with high incomes save more than those with low incomes.

Digital. Industrial revolution occurred because of the transformation of all aspects of industrial production through the merging of digital technology and the internet with conventional industry. The term digital era is a condition of community activity in life that has been facilitated by the presence of technology. The development of the digital era is a development that occurs in society in a new life (new planet) with the internet network, digital devices, applications or digital platforms, social media, making it easier for all activities and work in everyday life.

3. RESEARCH METHOD

This study uses a quantitative descriptive method. According to [4] Quantitative Descriptive Method is data

analysis by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public. This study uses Primary Data through the 2020 National Socio-Economic Survey organized by the Central Statistics Agency of Central Sulawesi Province. The object of research is households in Central Sulawesi Province in 2020, the number of households is 7418. The analysis is carried out through interactive analysis, which consists of the process of data collection, data reduction, interpretation, and drawing conclusions. According to [5] the analysis consists of three streams of activities that occur simultaneously, namely: data reduction, data presentation, conclusion drawing/verification.

4. RESULT

The number of households that became the research sample was 7,418, spread across districts/cities in Central Sulawesi Province. Each household has a different income, income affects household consumption of the demand for food and beverages. This study divides the level of household income into five income groups. Starting from the lowest income to the highest, based on the sample there are households with an income of Rp.69,211,092, and households with the lowest income of Rp.289,857. Different income will affect household consumption expenditure.

Based on the results of the study that the consumption pattern of Central Sulawesi households the higher the household income, the consumption pattern will shift. This shift is indicated by the expenditure on Food and Beverage that increases along with the increase in income. Total food expenditure in the Q1 – Q5 household groups is different, Q1-Q5 is a group of households with different incomes. Q1 household (low income) expenditure on food and beverage consumption is Rp. 55,759,748 or 17.58 percent of the total household expenditure of Rp. 317,097,062. Q3 household (medium income) expenditure on food and beverage consumption is Rp. 143,179,120 or 22.16 percent of the total household expenditure of Rp. 646,149,258. Meanwhile, in Q5 (high income) households, the expenditure for the consumption of Prepared Food and Beverages is Rp. 350,0009,486 or 29.56 percent of the total household expenditure of Rp. 1,184,225,080.

Table 1. Food and Beverage Household Expenditure (Weekly) In Central Sulawesi Province in 2020

Class	Prepared Food and Beverages	Beverages Total	% Prepared Food and Beverages to Total Food
Q1	55.759.748	317.097.062	17,58
Q2	98.287.539	498.576.472	19,71
Q3	143.179.120	646.149.258	22,16
Q4	199.624.246	811.935.274	24,59
Q5	350.009.486	1.184.225.080	29,56

Based on data from 7418 sample households, the total household income of groups Q1 – Q5 is different. The total income of Q1 households is Rp.2,309,082,621, for Q2 and Q3 households are Rp.3,638,604,733 and Rp.4,811,142,795, respectively. Meanwhile, for Q4-Q5 it was Rp. 6,367,597,182 and Rp. 11,972,414,391 per month. Based on total household income, the percentage of food and beverage consumption expenditure is not the same. Figure 1 shows the percentage of housing expenses by total income. Q1 households allocate their income for food and beverage consumption by 2.41 percent. An increase in household income increases the consumption of Prepared Food and Beverages. 2.70 percent of total household income in Q2 is allocated for consumption of processed food and beverages, while in Q3 and Q4 households are 2.98 percent and 2.92 percent, respectively.

The increase in income was followed by an increase in the consumption of Prepared Food and Beverages. The total value of ready-to-drink food and beverages in Q5 was 6 times higher than in Q1. But not attached to quantity but quality. The value of expenditures for the consumption of Prepared Food and Beverages increases with the increase in income class in terms of the percentage of Finished Food and Beverages to the total consumption of Food, which increases with the increase in income class.

The same thing happened to the percentage of Prepared Food and Beverages to total income. In nominal terms, the share of expenditure on ready-to-eat food and beverages increases in line with the increase in income. The following table shows the consumption of food and beverages based on income.

Table 2. Consumption Of Finished Food And Beverages By Income (Monthly) In Central Sulawesi Province In 2020

Income class	Prepared Food and Beverages	Income	Percentage
Q1	238.970.348,57	2.309.082.621	10,35
Q2	421.232.310,00	3.638.604.733	11,58
Q3	613.624.800,00	4.811.142.795	12,75
Q4	855.532.482,86	6.367.597.182	13,44
Q5	1.500.040.654,29	11.972.414.391	12,53

The table above shows that the consumption of ready-to-eat food and beverages increases according to the increase in income class. It can be seen that the income in Class Q5 is 5 times greater than the income in Class Q1. However, the amount of food and beverage consumption is 6 times greater in the Q5 class than in the Q1 class. This is supported by the average elasticity of food consumption to income of 1.2 percent. In other words, for every 1 percent increase in income, there is an increase in consumption of processed food and beverages by 1.2 percent.

The same thing applies when viewed based on the percentage of expenditure for consumption of food and

beverages to income. The percentage of expenditure on food and beverage consumption has increased with each increase in income class, as shown in the following figure.

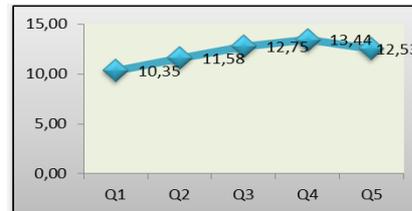


Fig 1 Percentage of Prepared Food and Beverages Based on Total Income

The figure above shows the amount of income spent on food and beverage consumption, which is 10.35 percent in the Q1 Income Class; by 11.58 percent in Q2 Income Class; by 12.75 percent in Q3 Income Class; by 13.44 percent in Q4 Income Class; and 12.53 percent in Q5 Income Class. In the Q5 income class, the income level is high so that the consumption of ready-to-eat food and beverages has reached its maximum point in terms of quantity and quality, so that the portion of income will be larger for non-food consumption such as physical and non-physical investments and other valuables.

5. CONCLUSION

Based on the results of the study, there was a shift in household consumption patterns in Central Sulawesi Province. Households with high incomes allocate more of their income, both in percentage and nominal terms, for the consumption of Prepared Food and Beverages compared to low-income households. However, at a certain point, the portion of food and beverage consumption to income will decrease because it has reached its maximum in quantity and quality, so that income will be allocated more for non-food consumption such as physical and non-physical investments and other valuables. It appears that there is a huge opportunity for the culinary industry. Along with the advancement of digital technology and the increase in consumption of ready-to-eat food and beverages

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