

CHAPTER I INTRODUCTION

A. Background

Indonesia is an agrarian country that is rich in natural resources and has a large availability of land that will be used for agricultural activities. The agricultural sector is the main sector in an effort to meet the food needs of the Indonesian population. The existence of agricultural development means that it has made a great contribution to national development, both directly and indirectly. In addition, agricultural development will support efforts to meet the food needs that are supported, by the role of the food processing industry so that it will be able to provide food needs both in the form of food and beverages (Husodo, 2004).

One of the roles of the agricultural sector is as a food provider. Food is the most important basic need for humans, food sufficiency must be fulfilled as a right and survival of the nation. This is as stipulated in Law Number 18 of 2012 concerning Food, that food must be available adequately, evenly and affordably by all residents with diverse, nutritious, balanced, safe, and halal food consumption.

Rice (*Oryza sativa* L.) is a type of food commodity that has a central role in the Indonesian economy because the rice it produces is a staple food that is difficult to replace by other types of food. Rice is the result of processing rice that is consumed to meet the primary needs of the Indonesian people, because it is a source of energy and carbohydrates for them (Handono, 2013) in Ningrat, *et al* (2021) .

Rice is very important for Indonesian producers and consumers. On the producer side, there are 25.4 million households working as rice farmers in Indonesia, and on the consumer side, around 30% of the total expenditure of poor households is used to buy rice. More than 90% of Indonesians eat rice every day. Rice is an excellent staple food in terms of nutrition and nutrition, with an energy content of 360 calories per portion and about 40% protein, making it a very strategic food to improve food security in Indonesia. Bustaman (2003) in Nurmalina & Astuti, (1970). Haryadi (2010) stated that the nutrients contained in milled rice consist of 78% carbohydrates, 7% protein, 0.7% fat, and 0.6% other ingredients.

According to statistical data in 2022 until 2024, Indonesia's population continues to increase, in 2022 Indonesia's population reached 275.77 million people, in 2023 Indonesia's population reached 278.69 million people, and in 2024 reached 281.60 million people. The increase in population also increase food needs. According to statistical data in 2022 until 2024, In 2022, rice production was reached to 31.54 million tons. Meanwhile, production in 2023 was 31.10 million tons of rice, or a decrease of 645.09 thousand tons (2.05%) compared to 2022 production. The decline in production also happened in 2024, rice production in 2024 for food consumption for the population is estimated to be around 30.34 million tons, a decrease of 757.13 thousand tons or 2.43 percent compared to rice production in 2023 which was 31.10 million tons. If rice production continues to decline, there will be a food crisis.

According to Zakaria et al (2023), the decline in rice production in Indonesia is caused by internal factors and external factors. As for internal factors such as the use of excessive production input, incompetent labor, and land use for non - agricultural purposes. External factors include, changing climate, disease pests, drought, and flood.

On the other hand, when viewed from daily life, rice is urgently needed by the community to be consumed as a source of daily energy. The average consumption per type of food in the Indonesian is dominated by rice compared to other foodstuffs. Rice is the food ingredient that has the highest consumption in Indonesia (Appendix 1). However, the high consumption of rice is not balanced by the availability of rice which tends to be low. The decline in rice production has resulted in a decrease in rice supply and increased demand.

According to Widjajanta and Widyaningsih, (2007) Scarcity is a condition when human needs are very unlimited while resources to meet human needs are limited in number. The scarcity of goods with high demand will lead to an increase in prices, because supply cannot meet demand. The decline in rice production that decreases every year results in the availability of relatively little rice for people's

consumption needs. This makes an increase in rice prices. This increase in rice prices triggers food inflation.

With the rise of soaring rice prices and the increasing population in each region, food supplies at the national and regional levels are increasing. To meet the supply of rice for the needs of the community, the government established a program called SFSP (Stabilization of Food Supply and Price). SFSP is a program organized by the National Food Agency (NFA), Badan Pangan Nasional (Bapanas) to maintain the stability of food supply and prices, especially rice, in the domestic market. The main purpose of this program in accordance with the Head of Bapanas Letter Number 01/KS.02.02/K/1/2022 is to maintain the availability of supply and stability of rice prices at the consumer level so that people's purchasing power is maintained and inflation is controlled throughout Indonesia. The SFSP program plays an important role in protecting consumers and maintaining social and economic stability in Indonesia.

As a company that performs public service duties for the community in accordance with Government Regulation of the Republic of Indonesia Number 13 of 2016 concerning BULOG, the government assigns BULOG to carry out its duties and responsibilities in the context of national food security in the form of securing the price of rice staple foods at the producer and consumer levels, managing the government's staple rice food reserves, providing and distributing rice staple foods to the community, The implementation of rice imports in the context of carrying out duties in accordance with the provisions of laws and regulations. With the existence of a government regulation regarding the national food security task, BULOG is assigned by Bapanas to implement the SFSP (Stabilization of Food Supply and Price) program, BULOG's role in this program is to ensure the availability of SFSP rice at affordable prices, the handling of SFSP rice imports according to the needs of the community and in accordance with government regulations, maintaining the supply of SFSP rice in BULOG's warehouse before being distributed to the community, and distributing SFSP rice to the community. Thus, BULOG functions as a balancer

between producers and consumers in maintaining the sustainability of national food security.



Figure 1. SFSP Rice

SFSP rice is imported rice originating from Thailand and one of the food products that is very good for health. Low glycemic index in SFSP makes SFSP rice safe for consumption by all ages, with so many benefits for those who consume it, making SFSP rice appear as an alternative staple food other than local rice (National Food Agency, 2022)

SFSP rice is sold at a lower price than the commercial market price, especially when the price of rice rises in the market. SFSP rice is distributed through various distribution channels, including traditional markets, modern stores, and distributors/company partner networks. This program is intended to maintain people's purchasing power, especially the lower middle class, and prevent food inflation caused by rising rice prices.

Along with the increasing public awareness of the importance of food quality, the demand for quality rice is getting higher. According to the Head of the Procurement Division, the Head of the Government Food Reserve Procurement Division (FRPD), Cadangan Pangan Pemerintah (CPP) of BULOG, Cahyaningtiyas Rispinatri, the quality of SFSP rice is equivalent to local rice in Indonesia. SFSP rice has a premium category quality standard and the minimum damage is only 5% (Tuter A, 2024).

In addition, SFSP rice products have attractive and modern packaging designed to increase customer appeal. With a cleaner and neater design, as well as

more colorful, this packaging shows better product quality even though it is still sold at an affordable price.

In 2023, BULOG was distributed the SFSP rice at the consumer level through traditional markets, modern stores, and distribution networks/company partners with a total of 1,196,728 tons of rice distributed (BULOG, 2023). This shows that BULOG as a rice distribution distributor has succeeded in distributing SFSP rice widely to the community. If this rice does not exist, there will be economic instability, one of which is that many groups find it difficult to meet basic needs, namely rice, if the price of local rice rises, such as vulnerable community groups such as daily laborers, farm workers, traders, fishermen and other informal workers. As a result, people's purchasing power will decrease, household consumption will decrease, the risk of malnutrition will increase, and can trigger social unrest because basic needs are not met. Therefore, products from the SFSP program in the form of SFSP rice are present as a solution to maintain price affordability, protect vulnerable community groups, and support food and economic stability in the community. The existence of SFSP rice also contributes to reducing poverty rates, because low-income people can still meet their basic food needs without having to be burdened by the increase in local rice prices.

Based on the description above, it is known that there are many benefits and advantages obtained by buying SFSP rice. SFSP rice consumption to meet food needs every day has a very positive impact on consumers. Therefore, consumers must be able to behave wisely in choosing rice products. Consumers' decision to consume SFSP rice does not just happen. Many factors affect consumer decisions in purchasing a product, so manufacturers must better understand how the needs of consumers can be met so that consumer demand can be met and consumers do not easily switch to other products.

According to Setiadi (2013) purchase decisions from consumers are greatly influenced by cultural, social, personal, and psychological factors. Most of these are factors that marketers cannot control. So, the more knowledge marketers have about the factors that influence consumer behavior, the greater their ability to design

compelling product and service offerings, as well as recognize and target meaningful market segments.

The importance of consumer research to find out the extent of consumer needs and also how they respond to the products they consume which means related to consumer satisfaction and research can serve as a basis for consumer education and protection, and complete information that is important for general policy decisions. According to Sumarwan (2011), understanding consumer behavior will allow consumers to know more about themselves so that they can control their behavior to be wise consumers and protect themselves from harmful business practices. In addition, this consumer research can help manufacturers understand customers better. Manufacturers can improve the quality of their products to compete in the market so that they can attract new customers and retain existing customers.

B. Problem Formulation

Stabilization of Food Supply and Price (SFSP) is a program that is of important concern in many regions, especially in developing countries where most of the population depends on staple foods such as rice as the main food component. Padang City is no exception, which faces challenges in maintaining affordable rice supply and prices, which are a staple commodity.

Padang City is one of the cities that has an interest in SFSP rice. Since its introduction in mid-2022, SFSP rice has become one of the choices of rice products for many consumers in Padang City, who are looking for quality products at stable prices amid market fluctuations. The large number of SFSP rice enthusiasts is mostly due to the efficiency of distribution carried out by BULOG and its distribution partners.

The collaboration between BULOG and SFSP rice distribution partners is an integral part of the product distribution strategy, so that this product can be present in the local market. SFSP rice distribution partners play an important role in maintaining the availability and accessibility of rice throughout the Padang City area. Through

collaboration with Perum BULOG, this partner helps distribute SFSP rice to various points of sale.

Table 1. SFSP Rice Distribution Partners in 2023

No	Channels	BULOG Regional Office (Padang)
1	Distributor	2
2	Out-of-Market Retailers (TPK, RPK, and Cooperations)	240
3	Retailers in the Market	189
4	Modern Retail	14
Total		445

Source: BULOG Regional Office (Padang), 2023

Based on information from the table 1, it can be seen the SFSP (Stabilization of Food Supply and Price) rice distribution partners at the West Sumatra Regional Office for 2023. There are four main distribution channels involved, namely distributors, out of market retailers (such as cooperatives, RPK, TPK), retailers in the market, and modern retail. The distribution of SFSP rice through distributors only involves 2 partners throughout the Padang city area, retailers outside the market are the largest channels with a total of 240 partners. Retailers in the market are also quite significant with a total of 189 partners. Finally, modern retail has 14 partners in the Padang city area. This data shows that BULOG collaborates with various types of partners to ensure that the distribution of SFSP rice runs effectively and evenly throughout the Padang city area.

The city of Padang is known to have many traditional markets that are the center of economic and trade activities for the local community. One of the famous traditional markets is the Traditional Market Pasar Raya Padang City. This market is located in the center of the city which is located in Kampung Jao, West Padang district 25227. Traditional Market Pasar Raya Padang City is the largest market in Padang City and a very busy center of economic activity. This market provides various household needs, one of which is rice. In the Traditional Market Pasar Raya

Padang City, the majority of rice brands that are usually sold and in demand by consumers are cisokan rice, IR 42 rice (From Tanah Datar, Pariaman, Padang, Solok, and others), anak daro rice, Jawa rice, kusuik pandan rice, jambi rice, pamanukan rice and SFSP rice.

The difference in the price of rice sold at the Traditional Market Pasar Raya Padang City in recent times has had a significant impact on people's purchasing power. This is evidenced by data on the price of rice in 2024 which is usually sold at Traditional Market Pasar Raya Padang City.

Tabel 2. Rice Price Comparison in 2024

Category	Local Rice (Per Kg)	SFSP Rice (Per Kg)
Price per Kg	16.000-19.000	12.000
Source	Local production from different regions	Distribution from BULOG, Import Rice from Thailand.

Source: Survey

Based on information from the table 2, it shows that the price of local rice ranges from 16,000 to 19,000 per kilogram, with rice sources coming from farmers who produce rice from various regions. The rice brands that are usually sold in the Traditional Market Pasar Raya Padang City are IR 42 rice, cisokan solok rice, anak daro rice, kusuik pandan rice, pamanukan rice, jawa rice. Meanwhile, SFSP rice is sold at a more affordable price, which is 12,000 per kilogram, with rice sources from imports. This shows that local rice tends to be more expensive than SFSP rice.

At the Traditional Market Pasar Raya Padang City, SFSP rice is one of the main choices for consumers. SFSP rice with 5 kg packaging is sold at a price of 62.500. The low glycemic index in SFSP rice makes it suitable for consumption by all ages (National Food Agency, 2025). This SFSP rice is sold in an attractive package size. The design of SFSP rice packaging is also very good, with bright and contrasting colors and graphics reflecting trust and quality to attract consumers' attention.

In addition to good price, content and packaging, the availability of this rice is always stable and the stock of SFSP rice is rarely absent in Traditional Market Pasar Raya Padang City. In a survey conducted by the researcher, rice traders always have a stock of SFSP rice of 400 kg-1 ton per month. This SFSP rice stock is obtained through an order to Perum BULOG. Therefore, consumers like this rice because it is easy to find and has a stable supply.

Marketing of SFSP rice products in Padang City is generally carried out through social media as the main means to reach consumers. Through platforms such as Facebook, Instagram, and WhatsApp, information about the availability, price, sales location, and benefits of SFSP rice can be easily accessed by the public. However, marketing that only focuses on social media still has limitations, because not all segments of society—especially the elderly group—actively use this media, so additional strategies are needed to spread information more evenly.

For the quality of SFSP rice, BULOG claims that the quality of SFSP rice is equivalent to premium rice and minimal damage to the procurement, storage, and distribution process is sought to remain below 5% of the distributed volume. In 2022, the National Food Agency as the Competent Authority for Food Safety (CAFS), stated that this SFSP rice has met food safety and quality standards that are avoided from pesticide residues, heavy metals, and microbiological contamination. This states that SFSP rice is safe for consumption (National Food Agency, 2022).

In the traditional market in Padang Raya Kota there are 10 rice shops that sell SFSP rice (Appendix 2), generally to get SFSP rice stocks, rice shop traders must order rice to BULOG companies with different stocks every month. The difference in the number of stock every month is influenced by the monthly sales rate of each store. Based on data about the sale of SFSP rice to the Traditional Market Pasar Raya Padang City from BULOG Perum in 2023 (Appendix 3), this shows that SFSP rice sales fluctuated and tend to decline in 2024 (Appendix 4). This phenomenon shows that consumer expectations of this product are still low, because the SFSP rice claim has the same quality as other local rice, but the survey results show that consumers consider SFSP rice to be not equivalent to its quality with local rice because this rice

has a smooth texture and a lower sweet taste than local rice. The relatively low sweetness level in SFSP rice should be an added value to SFSP rice products, especially for diabetics who need controlled sugar intake.

In addition, in terms of durability, SFSP rice has less resistance than local rice. SFSP rice can only be consumed for a full day. The next day, this rice has changed in terms of taste, smell, and moisture content in the rice. The cooking technique of SFSP rice is also different from local rice. SFSP rice is cooked with less moisture content than local rice because if you use a lot of water to cook this rice, then the cooked SFSP rice will have a porridge-like texture. This shows that SFSP rice is less in demand by some people because not all consumers like the texture and taste that is different from local rice.

The majority of the people of West Sumatra, including Padang City, like rice with different textures and tastes. According to Febriamansyah et al, (2016) the texture and taste of rice are the main factors and determinants of rice consumer preferences in West Sumatra. This is evidenced by the fact that the texture and taste of rice are always the main considerations for consumers to buy and consume rice. As many as 94.12% of the dominant varieties in West Sumatra have a texture of nasi pera and only 5.88% have a somewhat fluffy rice texture (Table 3). The people of West Sumatra like the texture of nasi pera because it is suitable when combined with the culture of Padang cuisine with soup or curry and coconut milk (Wahyu Wibowo, 2023).

Different behavior in each consumer in buying SFSP rice, makes producers need to understand the process of consumer purchase decisions and different consumer needs. This process is very important in understanding consumers exactly to know the factors that affect the purchase of SFSP rice at the Traditional Market Pasar Raya Padang City. Therefore, it is necessary to identify different consumer characteristics and also analyze the factors that affect the decision to purchase SFSP rice at the Traditional Market Pasar Raya Padang City.

Based on the formulation of the problem above, the research questions that will be answered are:

1. What are the socio-economic characteristics of SFSP rice consumers in the Traditional Market Pasar Raya Padang City?
2. What are the factors that affect consumers in purchasing SFSP rice at Traditional Market Pasar Raya Padang City?

Based on the research questions asked, this research title "**Analysis of Factors Influencing Consumer Decisions in Purchasing SFSP Rice (Stabilization of Food Supply and Prices) at Traditional Market Pasar Raya Padang City**".

C. Research Objective

The objectives of this research are:

1. Describe the socio-economic characteristics of SFSP (Stabilization of Food Supply and Price) Rice consumers in Traditional Market Pasar Raya Padang City
2. Analyzing Factors Influencing Consumers in Purchasing SFSP (Stabilization of Food Supply and Price) Rice at Traditional Market Pasar Raya Padang City

D. Research Benefit

The benefits of this research are:

1. For researchers, to add insight and knowledge, especially about consumer behavior
2. For company, it is hoped that this research can provide useful input and information so that it can help in knowing the needs and desires of consumers appropriately.
3. For academics, it is a source of information to be used as reference material in future research.