

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Covid-19 truly gave impact on consumer confidence in Indonesia. Since the existence of COVID-19 in Indonesia, there has been a decline in the consumer confidence index. The impact also occurs on income, job in Indonesia. As a form of refinement described by the time series plot at the beginning of chapter IV, there has been a decline in income, job. These factors then justify the impact of the decline on consumer confidence in Indonesia. In the results of this study, we also knew that there was a comparison in consumer confidence in Indonesia with consumer confidence before the COVID-19 pandemic. It is clear that factors such as income, job significantly affect consumer confidence.

Based on our analysis's result, we use the ARIMAX model with segmented regressed interrupted time series data. Where in this research the data are marked by level variables and also trend variable that make differences in the data before and after the intervention, in this case, before and after the existing of covid-19 in Indonesia. In this ARIMAX model, we get the best model according to our research, ARIMA (0,0,5) error. That model involved MA1, MA2, MA3, MA4, MA5. Before doing the regression using ARIMA (0,0,5) of course we do the stationarity test and autocorrelation. After regressing using the best model Arima, we also check the residuals from the processed data to see the normal distribution and also white noise of the data. From the research that has been done, the data has already stationary

after doing first difference. Then, the autocorrelation in ACF and PACF is at the level differentiation. Of course, in regressing process we use auto arima in order to simply many perceptions. This regression is what convinces us that other independent variables do have an influence on consumer confidence in Indonesia.

Furthermore, we use forecasting techniques on arima to see the significant impact that COVID-19 pandemic has had on consumer confidence. Based on forecasting, it can be seen was fit by using best model ARIMA (0,0,5). The results found are seen in the arima forecasting plot, where there has been fault line since early April 2020. This is followed by the appearance of a counterfactual line which is the result of forecasting using the best arima model. At that plot, it can be seen that the counterfactual line tends to be constant as the data before the pandemic. The existence of a counterfactual line strengthens the significant argument about condition before and after the pandemic. The pandemic has a significant impact on consumer confidence, where consumer confidence should tend to be stable or even increase if the pandemic never occurs. This forecasting technique helps us as a guideline to find answers to research questions as well as hypotheses in our research. Our consumption during pandemic is naturally decreased cause of income shock and job availability condition.

5.2 Recommendation

After this research was conducted, the author has several recommendation for this research:

1. The pandemic has an impact on household consumption so that the government needs to evaluate policies that can simultaneously stimulate the household economy so that they can continue to consume such as simplifying the administration of goods and services spending as well as developing virtual spending technology which results in a decline due to restrictive policies and support small business enterprise.
2. Avoiding pessimistic information bias in consumption activities so people are still encouraged to carry out economic activities and other activities without against health protocol rules.
3. It is necessary to implement policies to improve household income that are aimed to all household income groups as well as to expand the variety of the business world and flexibility of access to household consumption.

