Determination of Public Purchasing Power and Brand Image of Cooking Oil Scarcity and Price Increases of Essential Commodities

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Abstract: Cooking oil is one of the primary needs of the Indonesian people. The habits of the Indonesian people cannot be separated from the use of cooking oil in processing various types of dishes. This makes cooking oil a crucial role. As the largest Crude Palm Oil (CPO) producing country globally, it should not be a problem for Indonesia to meet its domestic cooking oil needs. In addition to meeting the needs of households and small industries, significant industries also require cooking oil as a component of producing one of the products. For this reason, it is necessary to have a strict policy taken by the government so that the scarcity of cooking oil and the increase in the price of essential commodities can be resolved quickly. This study aims to determine people's purchasing power, brand image, scarcity of cooking oil, and price increases of essential commodities.

Keywords: Public Purchasing Power, Brand Image, Scarcity of Cooking Oil, Price Increases of Essential Commodities

INTRODUCTION

Consumer Purchasing Power is one indicator to see consumer interest in a product. Cooking oil has been difficult to find in recent months, both in traditional markets and supermarkets. Suppose any stock of cooking oil is sold. In that case, the price offered is also costly, contrary to the government's stipulation, which urges sellers to sell cooking oil at 14 thousand rupiahs per liter and 28 thousand rupiahs per two liters of cooking oil. Moreover, in
addition to the scarcity of cooking oil, the increase in the price of essential commodities such as chili, shallots, sugar, and beef also coincided with the scarcity and increase in the price of cooking oil. This has resulted in many business actors and households objecting to it.

In this literature discusses about People's Purchasing Power (X1), Brand Image (X2), Scarcity of Cooking Oil (X3), and Price Increases of Essential Commodities (Y1).

Formulation of problem

Based on the background of the problem that has been described, the formulation can be formulated as follows:

1. How is the Public Purchasing Power on the Raising Prices of Essential Commodities?
2. How is the Brand Image on the Raising Prices of Essential Commodities?
3. How is the Scarcity of Cooking Oil on the Price Increases of Essential Commodities?

LITERATURE REVIEW

Public Purchasing Power on the Price Increases of Essential Commodities

Purchasing power is the ability of people as consumers to buy goods or services needed. The purchasing power of the people is indicated by an increase or decrease, where purchasing power increases if it is higher than the previous period. In contrast, the purchasing power decreases, which is indicated by a higher purchasing power of the people than in the previous period. (Goestjahjanti, 2016)

Purchasing power is a person's ability to consume a product. Purchasing power from one person to another must be different. It can be seen from their status, occupation, income, and others. Purchasing power is described by actual per capita expenditure. Purchasing power also has a close relationship with an item or product. (Ali, 2019a)

If the goods or products have a low price, the people's purchasing power for these goods will also increase. This applies to the law of demand. Demand is the number of goods demanded in a specific market at a certain price level and within a particular time supported by purchasing power. Purchasing power is the ability of consumers to buy the desired number of goods, which is usually expressed in terms of money. (Katrin & Vanel, 2020)

Purchasing Power has been widely studied by previous researchers, including: (Desfiandi, Desfiandi, et al., 2017), (Ali, 2019a), and (Sivaram et al., 2020), (Bimaruci et al., 2020).

Brand Image on the Price Increases of Essential Commodities

Brand image is a consumer's perception of a brand as a reflection of the associations that exist in the minds of consumers (Kotler and Keller, 2016). However, based on the definition of brand image, 'brand image can be said as a kind of association that occurs in consumers' minds when they remember a particular brand. This association can occur in specific thoughts and images associated with a brand and when thinking of others. (Alamsyah et al., 2021)

Brand image is the thoughts and views of consumers on a brand after consumers have experienced the brand. There are three indicators of brand image: Corporate Image (image of the maker) refers to the institution according to the consumers judged by consumers of companies
that make goods or services. The buyer assesses user Image (user image) as a user of goods or services. Product Image (product image) can be said to be a set of assessments of the product's attributes, benefits for consumers, and guarantees. (M & Ali, 2017)

A purchase decision is an action taken after getting information and, with some considerations, finally deciding to purchase a product. The indicators used in purchasing decisions are product selection decisions, brand decisions, sales decisions, time of purchase, and method of payment. (Ali, Narulita, et al., 2018a)


**Scarcity of Cooking Oil on the Price Increases of Essential Commodities**

According to the Minister of Industry and Trade, cooking oil for the Indonesian people is one of the basic needs or is one of the necessities (nine essential ingredients). In everyday life, cooking oil is consumed by almost all Indonesian people, both in urban and rural areas.

Cooking oil is used for cooking, such as: sautéing and frying in small or large quantities. Because cooking oil can provide a delicious aroma, a more delicious, savory taste, make food crispy or crispy, and a more attractive appearance was, giving a golden and brownish color than steamed, boiled, or baked food. (Nasution, 2022)

The increase in the price of cooking oil has made consumers feel worried because, apart from the rising price of cooking oil, it has become scarce, so it is difficult to find it in supermarkets, supermarkets, and traditional markets. So, YLKI, in this case, urges the government to pay more attention to the quota for domestic needs and the supply of equitable distribution of subsidized cooking oil for the community. (Widjaja, 2022)

However, the existence of subsidized cooking oil it becomes an impact on many consumers who queue and buy up the oil. Other consumers who do not know the information always do not get subsidized cooking oil. Consumers or people from the lower classes do not get it, and this is ironic when looking at the scarcity of cooking oil because Indonesia is the largest producer of palm oil globally. (Alamsyah et al., 2021)

Meanwhile, access to cheap cooking oil is done by collaborating between local supermarkets/shops/minimarkets and consumers by depositing money with the store clerk for stock next week if cooking oil is available. In this case, there is a negative element, namely the existence of a system, they are buying and selling with prerequisites before the goods are available. (Harahap, 2021)

Even residents who borrow money from mobile banks at significant interest rates cause people to realize they are not aware they are trapped with people who take advantage of situations like this because consumers no longer care about this. In essence, they can buy oil. Fried food according to demand, even though it is used by unscrupulous elements, both from the party who lends money and the seller who supplies cooking oil which always says he gets the appropriate ration from the supplier distributor to the shop or supermarket in the market. (Harahap, 2021)
Scarcity of Cooking oil has been widely studied by previous researchers, including: (Nasution, 2022), (Hartoyo, 2011), (Muttaqin & Permana, 2022), (Saputra & Ali, 2021).

Price Increases of Essential Commodities

The increase in the price of palm cooking oil is due to the practice of the cooking oil cartel. This was conveyed by the Investigation Team of the Business Competition Supervisory Commission (KPPU), who found one piece of evidence in the law enforcement process related to cartels. Gopprera Panggabean as the KPPU's Director of Investigation stated that through these findings, the status of law enforcement could be increased at the investigation stage for alleged violations of Article 5 (pricing fixing), Article 11 (cartels), and Article 19 letter c (market control through restrictions on the circulation of goods/services). (Mulyana, 2022)

Another indication is the lack of stock in the market, as reported by Respati & Sukmana (2022), who stated that the Central Executive Board of the Association of Indonesian Market Traders (DPP APPSI) Sudaryono highlighted the scarce availability of bulk cooking oil, which caused the stock at traders to be unsafe. According to him, the scarcity can be caused by the limited number of tankers transporting palm cooking oil. (Mulyana, 2022)

The second is the result of the policy of the highest retail price of palm cooking oil, which was initially Rp.11,500- to Rp.14,000,-according to him, producers reduced production during government intervention. After setting the highest retail price, producers need time to increase production according to community needs. The third is the surge in demand for palm cooking oil from the public ahead of Ramadan. (Mulyana, 2022)

Price Increases has been widely studied by previous researchers, including: (Widayati et al., 2020b), and (Widayati et al., 2020a), (Ali, Narulita, et al., 2018b), (Ikhsani & Ali, 2017), (Richardo et al., 2020), (Brata et al., 2017), (Anggita & Ali, 2017a), (Novansa & Ali, 2017).

Table 1: Previous Research

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### RESEARCH METHODS

The researcher used descriptive qualitative methods and a literature review in writing this article. Reading and reviewing published journal articles following the formulation of the problem discussed in this article. Determination of Public Purchasing Power and Brand Image of Cooking Oil Scarcity and Price Increases of Essential Commodities.
A literature review must be used consistently with methodological assumptions in qualitative research. This means that it must be used inductively so that it does not direct the questions asked by the researcher. One of the main reasons for conducting qualitative research is that the research is exploratory (Ali & Limakrisna, 2013)

**FINDINGS AND DISCUSSION**

1. **Public Purchasing Power on the Price Increases of Essential Commodities**

   People's purchasing power that impacted by promotions carried out by a product owner or business actor. In addition, purchasing power impacts the community's needs, such as for essential commodities. It will not affect people's purchasing power because this is one of the basic needs of the community that must be met.

   However, some things affect people's purchasing power, namely price and product quality. It means that if the price offered by the product is higher than the price of other similar products, then people's purchasing power tends to choose goods with low prices even though the quality of the product is slightly different.

   Product quality also affects people's purchasing power if a product offered has good quality. Then consumers will be interested in buying it, although at a slightly higher price. However, amid the increase in several essential commodities, consumers are more concerned about the importance of the product, and the price offered compared to the quality of the product.

2. **Brand Image on the Price Increases of Essential Commodities**

   Brand image amid rising prices of essential commodities is not the primary consideration for buyers. They consider the function of a product more. Brand image is only an indicator of the quality of a product being offered. For example, they are cooking oil brands: Sania, Resto, Tropical, Sunco, Filma, Bimoli, and others. Currently, this brand of palm cooking oil is rare, even though the price offered is relatively high.

   Unlike the case with palm cooking oil brands that are not yet known to the public, they offer lower prices than the brands above. Moreover, the quality offered by the brand is also not inferior to brands that are widely known to the public. When the price of essential commodities increases, the brand image is not too considered by consumers. They pay more attention to the functions and uses of these products.

3. **Scarcity of Cooking Oil on Price Increases of Essential Commodities**

   Indonesia, which is the largest producer of Crude Palm Oil globally, is currently experiencing a shortage of palm cooking oil. Moreover, to meet domestic needs alone, there are still difficulties with the relatively high price of cooking oil.

   Many factors are causing the current scarcity of palm cooking oil, one of which is the rising price of vegetable oil (crude palm oil). Then the government is currently interested in conducting a bioenergy (green energy) program in which CPO entrepreneurs must meet the needs of the 30% biodiesel market.
Furthermore, one of the causes of the scarcity of cooking oil is the distribution and logistics process. Indonesian palm cooking oil producers are only spread in a few areas, while they have to meet the needs of all regions in Indonesia. It causes an increase in distribution and logistics prices.

4. Price Increases of Essential Commodities.

The increase in the price of essential commodities such as chili, shallots, and so on can be caused by several factors: weather, demand, and availability. Indonesia is a country with a tropical and rainy climate, which is very good for carrying out agricultural and plantation activities. However, the recent weather is unpredictable, so it is detrimental to several parties, one of which is vegetable farmers.

When it rains, farmers cannot carry out farming activities properly because the vegetables planted can rot because they are exposed to continuous rain. It makes the availability of essential commodities, such as vegetables, challenging to find during increasing demand ahead of major holidays in Indonesia.

Conceptual Framework

Based on the formulation of the problem described above, and discussion that has been described above, then the framework of this article as follows:

**Determination of Public Purchasing Power and Brand Image of Cooking Oil Scarcity and Price Increases of Essential Commodities**

![Figure 1: Conceptual Framework](image)

This article discusses Price Increases of Essential Commodities. There are several other roles that affect Public Purchasing Power, Brand Image, Scarcity of Cooking Oil, and Prices Increases of Essential Commodities, namely:

2. Supply Chain: (Desfiandi et al., 2019); (Octavia et al., 2020),


CONCLUSION AND SUGGESTION

Conclusion
Based on the literature review and discussion that has been discussed above, the conclusion from this variable are:

1) Public Purchasing Power (X1), affect the increase in the price of basic commodities. If demand is high and availability is low, prices will rise.

2) Brand Image (X2), is not a consideration for consumers today in choosing basic ingredients, especially palm cooking oil. They are more concerned with the function and usability of the product.

3) Scarcity of Cooking Oil (X3), This is due to many factors, one of which is the government's policy that asks entrepreneurs to supply 30% of crude palm oil to the bio-diesel industry and limited cooking oil logistics.

4) Price Increases of Essential Commodities (Y1), due to high demand but the availability of scarce goods in the market, and due to also approaching national holidays. Usually the price of an item or basic material will increase.

Suggestion
Based on the conclusions described above, suggestions are needed to develop reasons related to the scarcity of cooking oil variables.

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