

# THE ROLE OF MODERN MARKETS IN INFLUENCING LIFESTYLES IN INDONESIA

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## ABSTRACT

Globalization in trade and information system, the fast growth of modern markets and fast food outlets, and fast invasion of food advertisements are currently occurred in Indonesia. The paper reviewed the impacts of modern markets, fast food outlets, and advertisements on lifestyle, especially in eating, of Indonesian people. The results showed that the number of minimarkets and supermarkets selling various goods, food, and beverages increased significantly in Indonesia. Moreover, there is open information which advertises many kinds of prepared food and beverages. The impacts are the change in eating lifestyle as part of Indonesian people lifestyle. This is shown by the increasing share of prepared food and beverages expenditure to total expenditure, especially in urban area. Changes in diet and eating lifestyle in society can be seen as the opportunity for food and beverages industries to expand their products and markets.

**Keywords:** Modern markets, lifestyles, food expenditures, fast food and beverages, consumers, Indonesia

## ABSTRAK

### *Peran pasar modern dalam mempengaruhi gaya hidup di Indonesia*

Globalisasi dalam perdagangan dan sistem informasi, pertumbuhan pasar modern yang pesat, menjamurnya outlet makanan siap saji, dan gencarnya iklan makanan merupakan fenomena yang kini terjadi di Indonesia. Tulisan ini mengulas dampak keberadaan pasar modern, restoran siap saji, dan iklan terhadap gaya hidup terutama gaya makan masyarakat Indonesia. Hasil analisis menunjukkan bahwa jumlah minimarket dan supermarket yang menjual berbagai jenis makanan serta jumlah industri makanan dan minuman meningkat secara signifikan. Di sisi lain, sistem informasi makin terbuka yang mengiklankan berbagai jenis makanan atau minuman jadi. Dampak dari hal tersebut adalah terjadinya perubahan permintaan akan makanan dan minuman yang merupakan bagian dari gaya hidup masyarakat Indonesia. Hal ini ditunjukkan oleh peningkatan pangsa pengeluaran untuk makanan dan minuman jadi, terutama pada wilayah perkotaan. Perubahan pola dan gaya makan tersebut dapat pula dilihat sebagai kesempatan bagi industri makanan dan minuman untuk memperluas produk dan pasar.

**Kata kunci:** Pasar modern, gaya hidup, pengeluaran pangan, makanan dan minuman jadi, konsumen, Indonesia

Many changes are taking place during the last couple decades in global world economy, including change in agriculture in developing countries. These changes, externally or internally, have also affected Indonesian people, especially in their livelihood, health, lifestyle, and demand for food. This result comes from the changes in the diet and lifestyle of the people.

The external changes stirring the international environment including Indonesian are: 1) implementation of the GATT/WTO agreement, 2) Triple-T revolution (revolution on transportation, telecommunication and tourism), 3) globalization in rehabilitation and conser-

vation of natural resources, 4) globalization in human rights advocacy, and 5) move towards safer and healthier food (Simatupang *et al.* 2002). The multilateral trading system embodied in the World Trade Organization (WTO) has agreed that all members have to maintain the process of reform and liberalization of trade policies, that ensuring the system will negotiate the cut of the tariff and non-tariff barriers.

As trade liberalization occurred, open or free access of information, incomes rise, and more urbanized population, people in the developing countries including Indonesia tend to diversify their diets to include more variety of food and imitating the "other" people's diets and lifestyles.

Higher education level and income made it even possible for the middle-upper class population to diversify and improve their diets and perhaps change their lifestyles.

The demands for food have shifted from manually-cooked food to processed food (ready-to-eat food), including safe and healthy food products. The increased participation of women in the workplace has also created more demand for processed food, as women's times for cooking activities are getting smaller whereas the processed food is available in the market for them to buy. This paper reviewed the impact of increasing modern markets, fast food outlets, and advertisement on lifestyle of Indonesian people.

## ROLE OF SUPERMARKETS AND HYPERMARKETS

Since the turn of the millennium, the country's food system has started to undergo technological and institutional changes as vast and rapid as those of three decades ago. Indonesian food system is becoming more global with foreign direct investment bringing state of the art management and logistical techniques as well as access to global markets (Timmer 2004). The growth of supermarkets and hypermarkets in Indonesia is shown in Figure 1.

As the income rise and welfare increase, people are faced with many options, choices, and alternatives to spend their expenditures on food, especially when they are shopping at the modern markets. Supermarkets and hypermarkets have come to be their best place to get what they want since they can function as one-stop-place to buy anything following changes in the people's lifestyles. The perception of shopping in air condition and comfortable with fixed prices has become the trend of urban lifestyles. Some people go to the supermarkets with their families as place for recreation or leisure and thus can increase their social status, rather than go to the wet or traditional market with uncomfortable environment.

The government role as public nutrition provider and distributor is becoming more and more limited; and replaced by the private sector. Supermarket and modern market can provide food with high standard and competitive prices. On the other hand, the existence of modern

markets has negative impact on the producers or farmers, have triggered the shift on the local food consumption basket towards the international/global food consumption basket, and thus diminished the role of traditional/local/wet markets.

However, there is still room for the regulators or government to play. It can design agricultural policies and set the agricultural development take place with balancing the modern and traditional markets that could facilitate farmers and traders to provide food in line with what consumers' need and meet the standard quality. Meanwhile, effort is needed to educate and influence consumers to make a good choice of healthy food (Suryana 2007). The quality of food consumed has to meet the minimum standard of dietary intake and safety. Minimum requirement of food intake includes not only the volume, but also the quality of food consumed.

## GROWING FAST FOOD

Fast food restaurants have grown tremendously in terms of the number of outlets and customers. Fast food can be easily found in the modern markets (supermarkets and hypermarkets), on the street sides or anywhere in strategic places. The menus provided are diverse and varied from imported to the local or traditional foods. Franchised-fast foods from abroad, for example, are burger, French-fries, pizza, and bento, whereas local or traditional fast foods for example are local menus avail-

able at the street-side vendors (*warteg*), fried rice, *soto* with steamed rice, and meatball with noodles. Presently, we can also find adjusted-imported version of processed food available at the street-side vendors, such as Japanese bento's (box) and kebab.

The increasing trend of fast food and other processed food industries are reflected in the increasing number of medium and large scale food and beverages industries (Table 1). The total number of large-scale food and beverage industries in 2004 is 4,639, growing 5.1% compared to those in 2003. The increase of domestic investment in the industries is more apparent than that of foreign direct investment. The similar situation is also occurred in the medium-scale food and beverage industries.

The growth of food and processed food is higher than beverages industries (Table 2 and 3). Most of urban households deal with or have daily foods come from the industries. Almost all members of households be at the workplace or at the school either have bread as their breakfast or take away processed food to their places of works or school (such as cakes, cookies, and biscuits). During lunch time, they usually find fast food in the restaurant or cafeteria nearby. Only for dinner or late supper, they use to provide their foods by cooking themselves. This routine daily habit has emerged as lifestyles, therefore eating-out or consuming fast food or processed food has taken a bigger proportion of their food expenditures.

The change in lifestyle has increase the incidence of degenerative diseases. In some communities, dietary habits have changed plus unhealthy smoking habits have also occurred. With less physical activities and high stress condition in the workplace or school, the new diseases have emerged. Fast food is usually became the scape-goat or blame as the main factor affecting the heart disease (heart coroner problem), hypertension (high blood pressures), high cholesterol, etc. Even though fast food can become the source of high nutritious food, it is always imbalanced in nutrition content. Generally, fast food contains less vegetables (fiber), high salt and fat content, and high cholesterol.

Khomsan (1999) stated that fast food consumption or intake is all right if it is consumed in limited amount and causes no health problem because fast food is not equal to junk food. Junk food is the food that is only rich in calories but con-

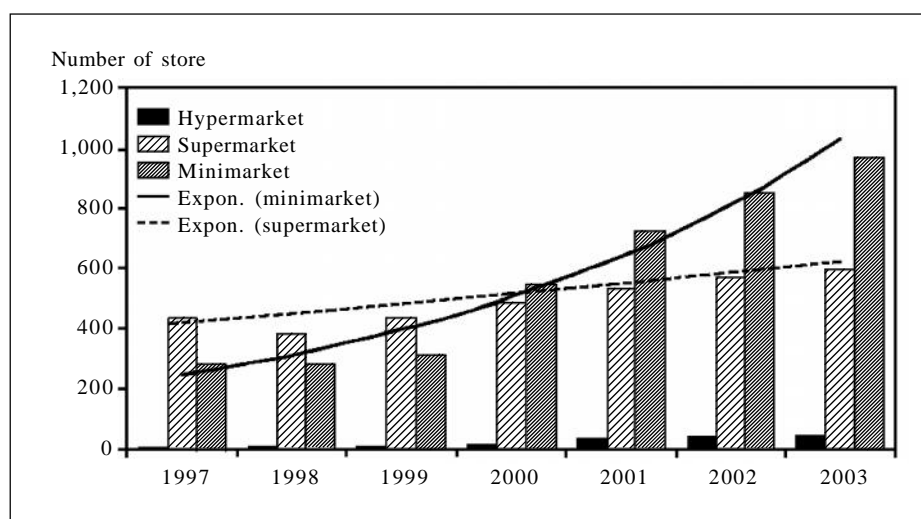


Figure 1. The number of supermarket and hypermarket in Indonesia, 1997>2003 (Harkarlianus 2007).

**Table 1. Trends on number of food and beverages establishment in Indonesia, 2002>2004.**

Investment facility	Large scale (unit)			Medium scale (unit)		
	2002	2003	2004	2002	2003	2004
Domestic	512	453	886	341	339	529
Foreign	202	178	185	157	140	150
Others	3,837	3,783	3,568	577	612	457
Total	4,551	4,414	4,639	1,075	1,091	1,136

Source: Badan Pusat Statistik (2002; 2003; 2004a).

**Table 2. Trends of number of food and beverages establishment by industrial code and scale in Indonesia, 2002>2004.**

Industrial code	Industrial scale	Total number (unit)		
		2002	2003	2004
Processing and preserving of meat, fish, fruits, vegetables, cooking oil, and fat	Large	943	951	1,037
	Medium	403	429	473
Milk and food made from milk	Large	41	39	42
	Medium	19	20	20
Grain mill products, flour, and animal feed	Large	799	740	746
	Medium	160	144	136
Other food	Large	250	2,440	2,542
	Medium	423	426	429
Beverages	Large	261	244	252
	Medium	70	64	70

Source: Badan Pusat Statistik (2002; 2003; 2004a).

**Table 3. The growth of processed food and beverages industry in Indonesia, 2004.**

Industrial code	Large scale	Medium scale
Canned fruits and vegetables	12	10
Food primarily made of milk	4	3
Bakery product	531	89
Food made of chocolate and sugar confectionery	93	44
Soft drink	252	70

Source: Badan Pusat Statistik (2004a).

tains less or minimum amount of nutrients. So the two are not the same and have to be differentiated.

## FOOD ADVERTISEMENT

Food and beverages industries have to build their strong images and therefore could market their products successfully through advertisements. The consumers have to get positive perception and thus are willing to consume or buy the products. In general, the advertisement is

posted in the mass media with the hope it can be reached and influenced millions of people. According to Sumarwan (2006), advertisement is frequently the most used and most popular tool to promote and communicate products to consumers. The goals of advertisement are to inform, to persuade, to remind, and to reinforce.

Kotler (2000) in Sumarwan (2006) stated that informative advertisement aims to build comprehension and understanding of the product offered. Persuasive advertisement is aimed to influence consumers to buy and use the products.

The difference exists with advertisement to influence consumers taste and choice and those to assure consumers that the products they buy or use are safe and good choices.

Food advertisements are effectively channeled through mass media, electronic media, and printed matters (newspapers, brochures, etc.). Food and beverages industries are always using these media to advertise their products and turn out to be the best and very effective to influence taste and preference of consumers. This is because advertisement is effective to provide and transfer knowledge from the producers to the people. Consumers are faced with variety of processed food and beverages. To be able to choose the right and affordable product, consumers need information.

The consumers' knowledge and information on the isotonic beverages are drawn from the mass media and most of them come from TV advertisement (Table 4). However, consumers at the other end need to be more cautious of the TV advertisements, since there exists advertisement which do not follow the laws and ethics, which is known as deceptive advertisement.

There are four categories of deceptive advertisement: 1) objective claims: can be proved with the truth (the reality), 2) subjective claims: full with subjectivity and hard to be measured objectively, 3) the claim with dubious meaning: part of the advertisement is true and part is false, and 4) unsubstantiated claims: is not making any senses and is not logic. Saidi

**Table 4. Source of information of isotonic beverages.**

Information source	(%)
Television advertisements	27.6
Store/minimarket/supermarket	20.4
Family member	13.2
Advertisements in newspaper/ magazine/tabloid	9.9
Friends/neighbors	7.8
Physician/paramedics	5.4
Sport center/club/fitness	3.3
Billboards	3
Advertisements in roads	3
Advertisements in radio	2.4
Sales person	1.2
Shop owner/shop keepers	0.9
School	0.9
Free sampling	0.6
Spa	0.3
Total	100

Source: Julianingsih (2005).

(2003) stated that advertisement giving fraudulent misrepresentation can be categorized by two types, namely : 1) false statement which means an advertisement that state something but none or in the contrary state the none of something but there is, and 2) mislead statement which means an advertisement giving deceptive and misleading information. The information given can be impersonate or ambiguous.

## CONSUMPTION ISSUES

There are several factors determined food consumption pattern, amongst are socio-cultural values, economical factors, and knowledge on nutrition content of the food and beverages. As the education level rise, the income rise, awareness of health concern rise, lifestyles and food pattern have also changed. If previously people are trying to be self-sufficient themselves, nowadays people are more concern with social needs. In food consumption pattern, previously people were more concern with the quantity or volume of the foods, nowadays people are shifting their concern to the quality of food consumed and follow the healthy dietary pattern, thus increase their social status in the society.

In traditional society, people who live in rural areas have limited resources in their food acquisition. Most of the food consumed originated from their own farming activities. They did not have many choices or alternatives and the food consumed are mainly to be able to survive. In modern society with most people live in urban areas, consumers are confronted with many choices of processed food and beverages either produced locally/ domestically or imported from abroad. Food consumed here is functioning as part of lifestyles and can have social status (Table 5).

Share of food expenditures to total expenditures (ratio of food to total expenditures) can be used as an indicator of welfare or well-being of a society. The smaller the ratio or share of food expenditures to total expenditures, the higher the well-being/welfare of the society. The well-being of urban society is found much higher than those of rural. On the highest income class, the share of food to total expenditures is found 34.7% for urban and 54.3% for rural consumers (Table 6).

**Table 5. Changing of pattern and lifestyle in eating habits of Indonesia people.**

Aspect	Traditional pattern	Modern pattern
Structure	Simple (staples, vegetable, salty fish or egg)	Complete (staples, vegetables, meat/egg/fish, milk)
Type	Homogen (no choices)	Lots of choices (free to choose)
Source	Socio-economic pressures (low economic class)	High socio-economic class (upper mid level)
Eating function	To survive	Lifestyle and social life

Source: Hardjana (1993).

**Table 6. Structure of household expenditure by region and expenditure class in Indonesia, 2005.**

Region/ expenditure class	Food expenditure		Nonfood expenditure	
	(Rp/cap/month)	(%)	(Rp/cap/month)	(%)
Urban				
Low	120,199	57.6	88,341	42.4
Medium	205,974	50.9	199,023	49.1
High	369,911	34.7	697,108	65.3
Rural				
Low	86,817	68.7	39,505	31.3
Medium	139,217	65.1	74,734	34.9
High	236,840	54.3	199,383	45.7
Urban+rural				
Low	94,575	66.4	47,911	33.6
Medium	159,253	59.9	106,679	40.1
High	289,698	43.2	380,690	56.8

Source: Badan Pusat Statistik (2005).

The structure of food expenditures is significantly different between the urban and rural consumers. In urban consumers, the share of staple food expenditure is only 10%, while in the rural consumers, the share of staple food is doubled of those in the urban (20%) (Table 7). The opposite situation was found on the share of processed food or ready-to-eat food to total expenditures. The share of this processed food is much higher in the urban than those in rural consumers. However, both for urban and rural consumers, the higher the income, the smaller the expenditure of grains; also the higher the income, the higher the share of processed food expenditures.

The growth of processed food and beverages industries has changed the lifestyles and food eating habits of the people. With the increasing fast food outlets and restaurant, the expenditures for processed food and beverages has increased too. In 2002, the share of pro-

cessed-food expenditure in urban areas was 21.2% and in rural areas the share was 11.4%. In 2006, the share had increased to 24.8% in urban areas and to 13.5% in rural (Table 8). The analysis conducted by Martianto and Ariani (2004) showed that the increasing consumptions of processed food and beverages are taken place in all provinces in Indonesia. The largest shares of food and beverages expenditure are found in Jakarta, Yogyakarta, and Bali.

The increasing food and beverages expenditure are also related to the increasing in labor participation including women labor. With limited time they have, they are tend to consume fast food. Moreover, the change in cooking pattern from cooking at home to buying pattern is an opportunity for the growth of industry in food sector including informal sector.

There are many varieties and kinds of processed food and beverages recorded by the National Survey of Social Economy (Table 9). Changes in diet and eating

**Table 7. Structure of food expenditure (%) by region and expenditure class in Indonesia, 2005.**

Kinds of food	Urban			Rural		
	Low	Medium	High	Low	Medium	High
Rice	17.3	10.8	6.2	26.3	19.4	13.3
Tubers	0.9	0.8	0.6	2.4	1.8	1.6
Fishes	9.4	8.9	7.4	10	10.7	10.3
Meats	3.5	5.1	6.5	2	3.4	6.1
Eggs	3.3	3	2.2	2.7	3	3.1
Milks	2.4	3.9	4.9	0.9	1.5	2.6
Vegetables	8.9	7.3	5.4	9.8	9.4	8.4
Legumes	3.8	3	2	3.3	3.4	3.3
Fruits	3.4	4.4	5.6	2.9	3.6	4.5
Fats (Oils)	4.1	3.3	2.4	5	4.6	3.9
Prepared food and beverages	21	28.3	38.9	11.1	14.1	18.3
Tobaccos (cigarettes)	11.1	11.4	9.6	10.5	12.6	12.9
Seasonings	2.6	2.4	2	3	3	2.8
Others	8.3	7.4	6.3	10.1	9.5	8.9
Total	100	100	100	100	100	100

Source: Badan Pusat Statistik (2005).

**Table 8. Trends of prepared food and beverages expenditure by region in Indonesia, 2002> 2006.**

Year	Expenditure (%)	
	Urban	Rural
2002	21.2	11.4
2003	22.4	11.8
2004	23.9	13.4
2005	24.5	13.2
2006	24.8	13.5

Source: Badan Pusat Statistik (2002, 2003, 2004b, 2005, 2006).

lifestyle of the society can be seen as opportunity for the food and beverages industries to expand their products and markets.

## CONCLUSION

Globalization in trade and information system, the fast growth of supermarkets/hypermarkets, the fast growth of fast food outlets/providers/restaurants, and fast invasion of food advertisement have impacts on the changing the lifestyles, dietary, and food consumption patterns. The direct impact was found in the

increasing demand for processed food, ready-to-eat food, and beverages. Therefore, product development and packaging and advertisement of the industries have to be tailored and launched so that the end consumers will be satisfied with affordable prices and guaranteed quality. All these changes can be seen as opportunity to be seized by the food and beverages industries. On the other hand, consumer must keep an eye in choosing processed food and beverages offered in the market. In choosing consumed food and beverages, it is essential to reckon health, necessity and access to food aspects.

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**Table 9. Kinds of prepared food and beverages consumption by region in Indonesia, 2006.**

Kinds of prepared food and beverages	Unit of quantity	Urban	Rural
Ordinary bread	Small packs	0.28	0.11
Other bread	Piece	1.80	1.30
Boil or steam cake	Unit	4.52	2.92
Fried food	Piece	7.52	6.21
Salad with peanut sauce	Portion	0.83	0.40
Instant noodle	Portion	0.12	0.04
Mineral water	600 ml	0.20	0.04
Packed tea	250 ml	0.22	0.03
Packed juice	200 ml	0.09	0.02
Health drink	100 ml	0.09	0.02
Ice cream	Small scopes	1.62	0.12

Source: Badan Pusat Statistik (2006).

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