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Uncover The Consumer Preferences in Jakarta Satellite Cities after Pandemic

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Abstract

This study aims to understand the impact of the Covid-19 on consumer preferences in Jakarta Satellite Cities: Bogor, Depok, Tangerang, and Bekasi. In this pandemic situation, people's daily lives were disrupted by quarantine, so it significantly changes people's lifestyles. The methodology of this study is by applying a quantitative research method through questionnaires from across the Bodetabek area. The overall number of respondents in this research is 116, with 58 questions. This study shows that online streaming is the most preferred activity when people seem worried about going outside. Furthermore, the pandemic affects people's financial condition. The majority of people show that their income is decreased when the expenses and savings are increased. So, they are more aware and look for ways to save money when shopping rather than buying unnecessary things. The change in the financial condition is affecting the buying behaviour of the people. People tend to buy food and beverages as their priority in this pandemic Covid-19 situation rather than buying fashion stuff. The result of this study can be helpful for Consumer Goods Company or UMKM to understand consumer preferences so that they can be adapted to the change of consumer preferences in the Covid-19 situation.

Keywords: *Consumer Preferences, Covid-19, Quantitative Method, Buying Behavior*

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INTRODUCTION

The Covid-19 outbreak was the world's most catastrophic illness, disrupting people's lives every day owing to government regulations prohibiting crowds or simply going outside. In Indonesia, the Covid-19 started to spread around March 2020. Thus, the government's response regarding the outbreak was to make a social distancing policy. Due to the pandemic Covid-19, which has already spread globally, Asia, particularly Indonesia, saw a significant lifestyle transformation around the end of 2019. People's daily lives were disrupted by quarantine; they could no longer go to work, dine in a restaurant, play sports at a sports center, or attend entertainment events.

The Covid-19 pandemic has put the globe on the verge of the most significant economic downturn in the last 50 years of global history. According to the International Monetary Fund (IMF) in its book "The World Economic Outlook" (2021), the global economy would grow by minus 3.5 percent in 2020, which is worse than the global financial crisis of 2009 and the Asian monetary crisis of 1998 (Muhyiddin, M., &

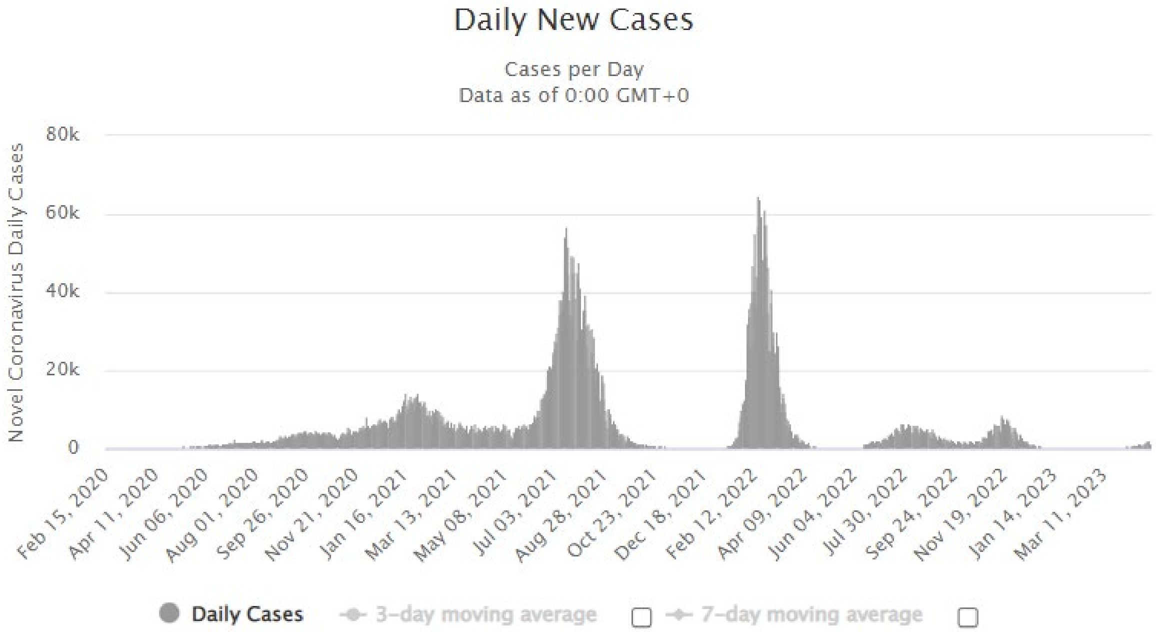
Nugroho, 2021). Many sectors are also impacted by changing customer behavior; social distancing, shopping alternatives, vacation demand, hotel property demand, and short-term leasing demand are all falling (Jo et al., 2021). According to a poll conducted by McKinsey in 2020, over three-quarters of Indonesian consumers' earnings and investments have decreased due to their motivation to work and make ends meet being negatively impacted, causing them to be more cautious when completing transactions. Approximately 90% of Indonesians think that Covid-19's impact on their money will last longer than two months (Rahmawati et al., 2021).

Being Indonesia's capital and center of industry and administration, Jakarta has attracted urbanization from people across the country, resulting in a high population density in the city. Jakarta and its Satellite Cities comprised 0.33 percent of Indonesia's land area. They were home to 12 percent of the country's total population. As a result, Jakarta and its Satellite Cities have become one of Indonesia's densest areas, increasing demand for real estate items. Furthermore, Indonesia is the fourth-largest country, with a population of approximately 270 million people in 2019. For several years, the nation has experienced enormous development and economic success, thanks to the concentration of much of the population and business activities on Java (Rahmawati et al., 2021).

Early in Q3 2020, we began to notice some optimism among Indonesians. While most people are still concerned about a pandemic in Q3 2020, they have adjusted to new limitations and routines. Indonesia's government's enormous communication on the 3M Program (mask, social distance, and handwashing) and 3T Program (towels, toilet paper, and toilet paper) has impacted regulatory adaption (Testing, Tracking, Treatment) (Sukma & Hasibuan, 2021). Compliant individuals had favorable attitudes toward voluntary mask use, testing, and vaccinations since these steps improve public health and reduce the number of hospitalizations and fatalities. Fear of social stigma, ignorance of the efficiency of health interventions, debates over individual rights and freedoms, as well as mistrust of government officials and scientists, all contributed to negative sentiments (Rombach et al., 2022).

The food and beverage sector faces intense competition, and a variety of favored practices continuously surface. It's important to consider how to stand out in the crowd. Each store may use a different combination of online and physical discounts. It can implement a system of handing out food consumption coupons and exchanging a set amount of accumulated consumption for dishes online, allowing customers to continue shopping and taking advantage of the discounts (Zhang et al., 2021). However, as many sectors and policy regarding the economic condition in Indonesia has changed along with the daily new cases that are fluctuated as seen on Figure 1, obviously that consumer preferences will be affected and shifted before and after the pandemic.

Figure 1: Indonesia Daily New Covid-19 Cases (Source: World O Meter)



According to Sukma & Hasibuan (2021), in terms of the industry performance, several sectors were hard impacted by the pandemic, particularly tourism, which showed signs of revival in November 2020, as seen by an increase in international travelers. The COVID-19 epidemic also influences consumer behavior. The need for food for home cooking, personal care, and cleaning goods is increasing. Pandemics are also altering people's purchasing habits. When it comes to buying, most individuals are now more careful about how much they spend. People are becoming more conscious of internet activities and are engaging in them more often. During the pandemic, online buying, cashless payments, and video streaming are the most beneficial activities. Governments have relied on well-established public health strategies to limit disease spread and minimize the frequency of new outbreaks. Quarantine, social distance, and population containment are examples of public health measures that have continuously attempted to prevent illness from spreading from one person to the next by isolating and separating individuals. External and internal influences influence self-concepts and lifestyles, resulting in consumer behavior (Rahmawati et al., 2021).

Butu et al. (2020), Grashuis et al. (2020), and Starostin et al. (2020) found that, when all considerations are taken into account, consumption of items in enclosed packaging remains the best option. During quarantine, food (canned food, cereals, sugar, and salt), drinking water, and first-aid and antibiotic medicines were acquired. Consumers are increasingly motivated to place online purchases for fresh veggies directly provided by farmers to avoid personal interaction with others. Price is usually the most critical aspect, followed by the ordering procedure, the time window, and minimum purchase requirements. Customers now have a new incentive to visit stores in order to rediscover the former allure of the shopping experience due to the lockout restriction. The technological platforms may still be helpful in raising awareness of different brands, though. Although the financial crisis taught people to be prudent and deliberate with their purchases, consumers may not completely give up the joys of shopping. At the same time, buyers want more from items in terms of their true qualities rather than being misled solely by marketing strategies (Raturi, 2022).

Theories about consumers abound in the scientific literature, not just and not exclusively in relation to characteristics of a strictly economic nature (consumption/production), but also in relation to social, psychological, and environmental aspects related to respecting and conserving the environment. People are constantly reevaluating and reflecting on their dietary choices as they search for new role models that embody ethics, accountability, ecological orientation, and sustainability. venues for sharing, social media, celebrities, awareness of food waste, social networking sites, etc (Nicolosi et al., 2023). Thus, this paper will uncover how consumer preferences change after the pandemic Covid-19, particularly in Jakarta Satellite Cities.

METHODOLOGY

The study is exploratory research designed to shed light on confusing circumstances or uncover trends that might lead to new business possibilities. This study was carried out by examining quantitative data with each target in mind. Quantitative research data will be collected from across Bodetabek utilizing questionnaires to understand customers' perspectives and preferences better. Both of the results will be analyzed using statistics. The items in the surveys will utilize a four-point Likert-type rating scale to prevent safe compilation. As per the uncontested survey criteria, the maximum number of respondents based on Rahmawati (2019) is 400. Due to time restrictions, the overall number of respondents in this research is 116, with 58 questions.

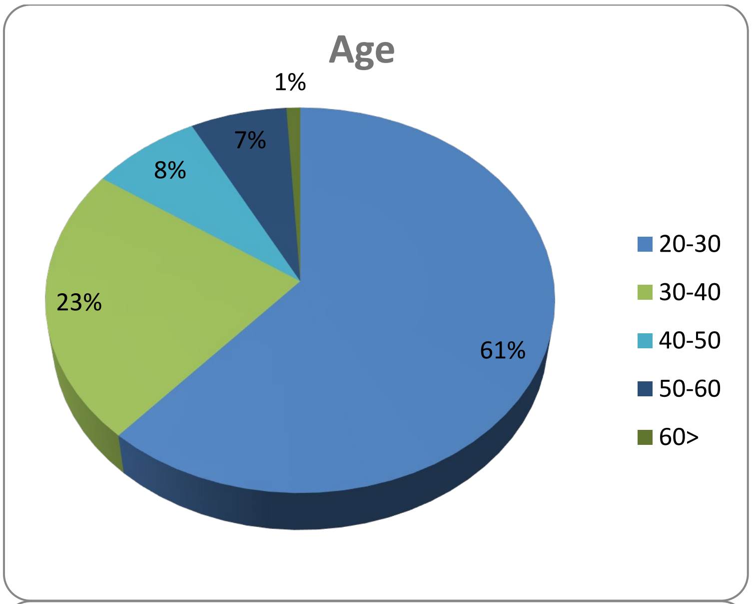
RESULT & DISCUSSION

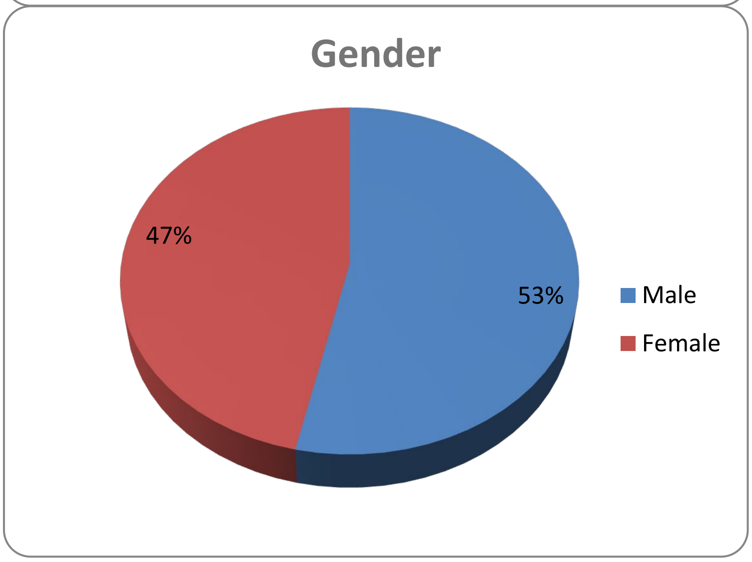
Several findings in this research were obtained from the opinions of experts. In addition, questionnaires were also used to gather measurable findings from the respondents. The following are the findings discovered in this study:

Demographic

Based on the survey result, as seen in the figure below, the preponderance of the respondents is Gen Y (Millennials). They are between the ages of 25 and 40. A minor percentage is Gen Z, who are under the age of 25. Gen Xers (41–56 years old) and Baby Boomers (57–75 years old) make up the rest. Moreover, 53% of the respondents are male, which probably will significantly impact consumer behavior later.

*Figure 2**: Respondents' Age and Gender (Source: Author's Analysis)***

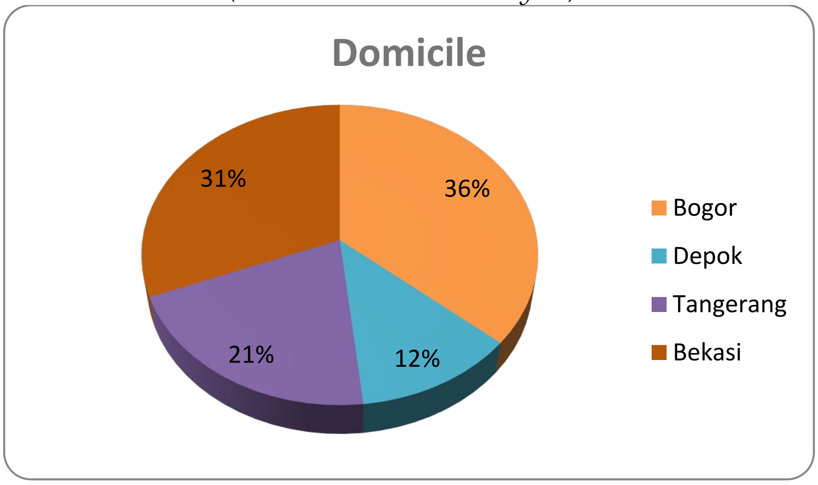




As mentioned earlier, the survey was taken from the satellite cities of Jakarta that are Bogor, Depok, Tangerang, and Bekasi. From the respondents' domicile, Bogor and Bekasi have a high population on filling out the survey. These cities have many commuters who do their main activities around Jakarta and go back to their homes in BODETABEK at the end of the day. According to Setyodhono (2017), the results of the analysis of Sakernas data in August 2008, commuter workers in Indonesia amounted to 6,908,152 people or 6.7% of the working-age population. Of this number, 2,804,516 people (40.60%) are commuter workers in Greater Jakarta, including Jakarta, Bogor, Depok, Tangerang, Bekasi, and Karawang. The 2014 BPS commuter survey in Jabodetabek also showed that of the 28 million Jabodetabek population aged five years and over, 2,907,932 people (13%) were commuter workers.

Cities that experience significant economic expansion affect the surrounding area. Expanding a metropolis that has reached its land usage limit will require land from the neighboring rural regions (peripheral areas). Urban sprawl is the name given to this urban phenomenon. The spread of Jakarta creates an uncontrollable change in urban function towards the periphery. The result is a rise in development activities in the Jakarta region, particularly in Bogor, Bekasi, Tangerang, and Depok, which are dominated by housing developments that are dispersed and convert agricultural land to industrial and service-based land use (Prasetyo et al., 2017).

Figure 3: Respondents Domicile (Source: Authors Analysis)

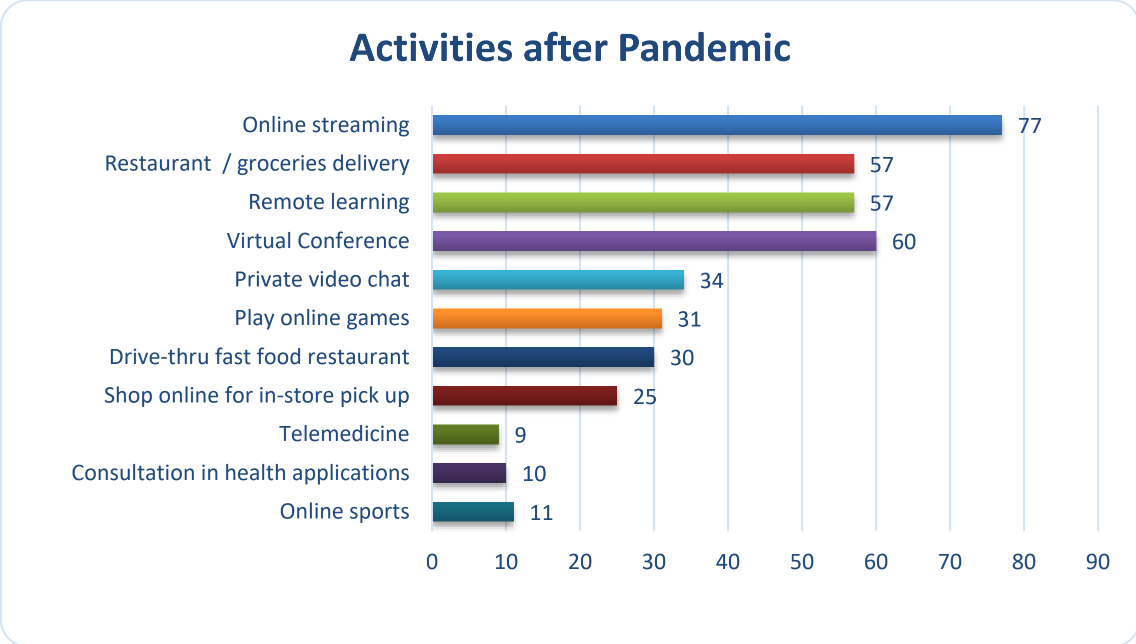


Consumer Behavior after Pandemic Covid-19

There are 11 questions on the respondents' activities following the pandemic that is pertinent to this study. According to the figure below, online streaming, restaurant/grocery delivery, distance learning, virtual conference, and private video chat are the top five most popular activities. Online streaming is the most preferred activity done. This can be in many forms and contents, for example, movie streaming or on a particular platform like YouTube. Furthermore, delivery businesses have grown their services to include groceries and errands. Demand for these services is anticipated to rise as the pandemic continues. Noncontact transactions, on the other hand, cannot be applied to all sectors. The economy has deteriorated, hurting several economic sectors, while social distance has persisted longer than predicted. Consumers have reduced their spending and changed their purchasing habits due to higher unemployment rates and lower income levels (Jo et al., 2021).

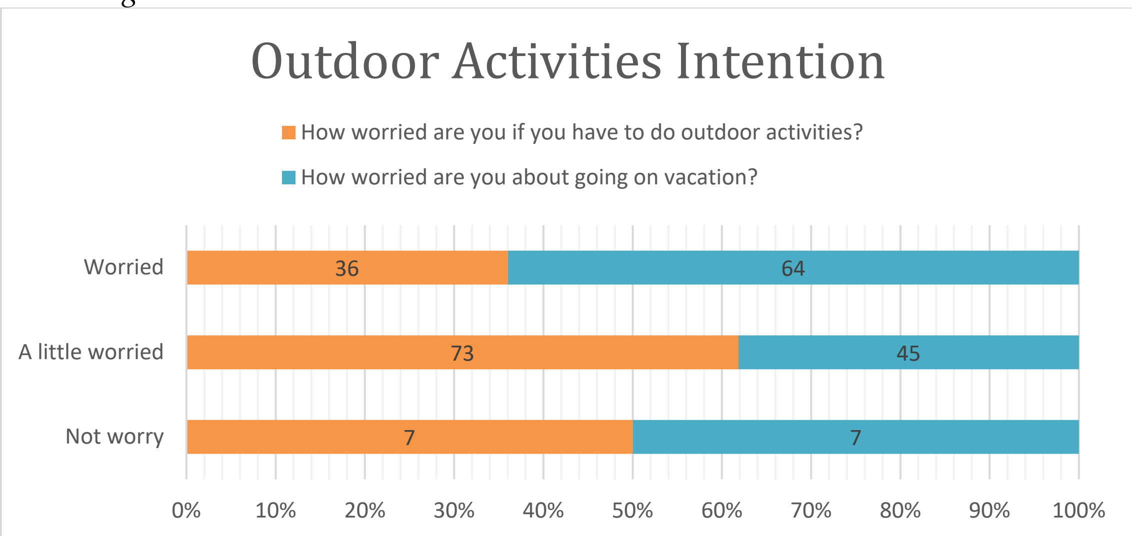
According to Grashuis et al. (2020), there are three alternatives to self-service food shopping in most stores. (1) Pick-up in-store: The client enters the store and receives the groceries they have ordered. (2) Curbside pickup: The client waits outside the store in his or her vehicle while someone else loads the items into the vehicle. (3) House delivery: The customer's groceries are delivered to his or her home. Thus, the results show that food delivery is the second most chosen by people, including the drive-thru and in-store pick up are preferred.

Figure 4: Activities during Social Distancing



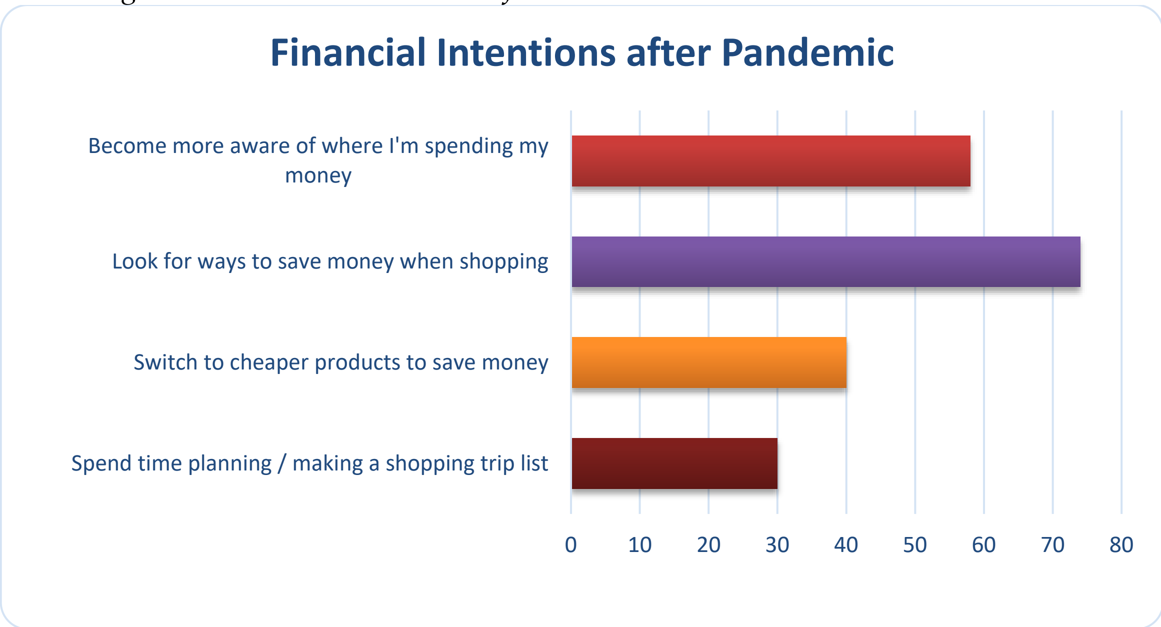
As shown in the figure below, most respondents are concerned about participating in some outdoor activities, although only to a bit of extent. Nonetheless, just a tiny percentage of the — 6% in total – are unconcerned about participating in outdoor activities. Without a doubt, 55 percent of respondents are concerned about going on vacation, while 39 percent are concerned but not scared. The rest have no problems about going on vacation. Given the circumstances, the government's social distance rule is to blame. The new regulations, known as the implementation of public activity limitations, are part of a ministerial order for several provincial administrations in response to the release of a new COVID-19 edition.

Figure 5: Outdoor Activities Intention



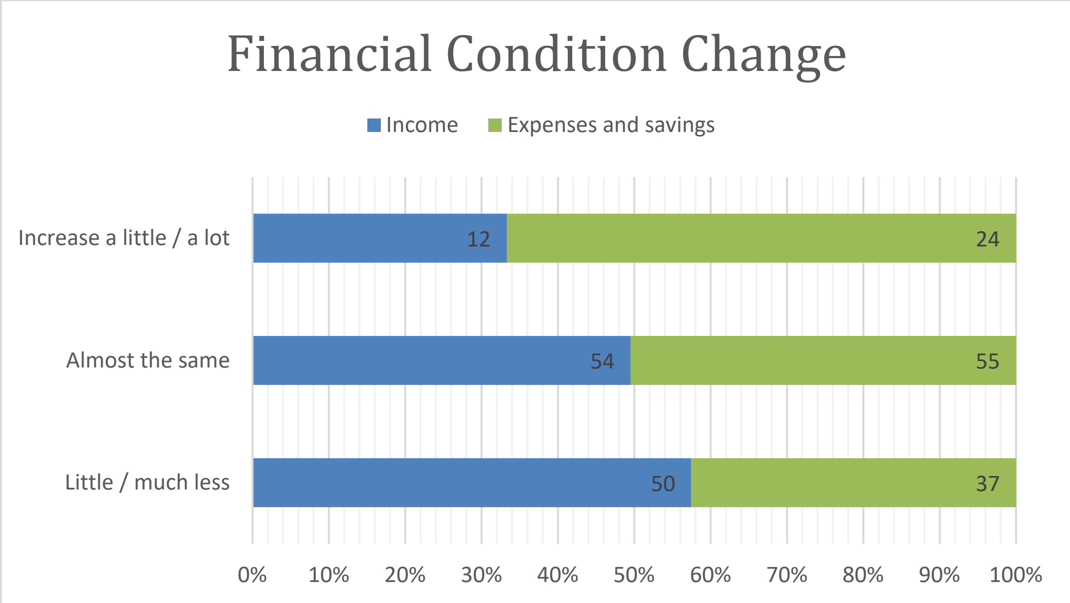
The following question concerns the respondents' intentions or behavior in the aftermath of the epidemic. As a result of their changing behavior, some of their goals have altered as well. There are four pertinent questions to discover the respondents' post-pandemic intentions. Most of them will find other methods in saving their money regarding buying their staples. Thus, it will affect their awareness in spending their money. Almost half of the respondents stated that their income decreased during the pandemic. However, the majority still stated that it is almost the same or no significant income changes.

Figure 6:Financial Intentions after Pandemic Covid-19



The condition also applied to their expenses and savings. As seen in the figure below, the second most chosen condition by the respondents is that their expenses and savings have decreased. Results are also supported by the survey conducted by PWC (2020), which stated that 65% of Indonesian consumers experience a decrease in household income. Finding may cause their income and financial behavior during the pandemic, and 40% of the respondents believe their financial condition will be affected for more than one year ahead. The government policy regarding social distancing played a significant role in preventing the Covid-19 outbreak from spreading further. A policy implementing a health regimen in the form of physical separation and social limitations is introduced. As a result of this policy decision, community and commercial activities have been substantially reduced. The output was subsequently put under strain, causing the economy to decline and eventually enter a recession (Muhyiddin, M., & Nugroho, 2021).

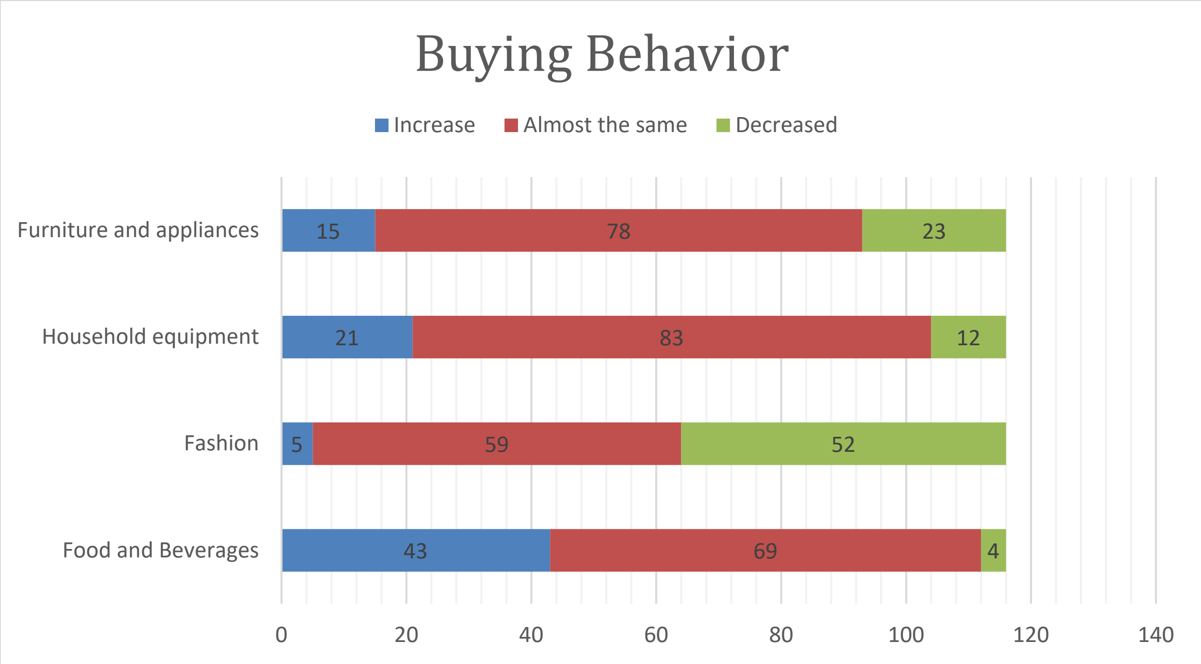
Figure 7: Financial Conditions Change



As a result, the respondents' purchasing habits altered as well. As shown in the figure below, the majority of respondents' purchasing habits have not changed. They have, however, lowered their need for fashion products as a consequence of work-from-home rules at their employment, which has resulted in their lack of need to dress every day. In addition, 37% of all respondents reported an increase in food and beverage purchases. According to the survey conducted by PWC (2020) regarding consumer insights, before the pandemic Covid-19, mobile was the most preferred medium for frequent purchasing, outpacing in-store. In Indonesia, the in-store channel remains the most popular option for weekly/monthly transactions. From the standpoint of Indonesian consumers, greenspace/outdoors, transportation infrastructure, and safety and security are the aspects that require the most development. Compared to the global average of 49 percent, 68 percent of Indonesian consumers are willing to share their consumer data if it helps better their city.

However, after the pandemic, Indonesian consumers have the top five spendings: grocery, entertainment, media, food pick up/delivery, DIY/home improvement/gardening. The fact is also supported by the change in respondents' activities shown in Figure 4. For Indonesian consumers, jobs, affordability, and safety are the essential aspects of a city following the COVID-19 outbreak. Meanwhile, transportation infrastructure, jobs, and education are the top three most essential aspects before the pandemic.

Figure 8: Respondents' Buying Behaviour



CONCLUSION

Due to the time restrictions, this research is only collecting the data from 116 respondents. In comparison, it is supposed to reach 400 respondents based in Israel on Rahmawati (2019). Based on the results, most of the respondents are Gen Y (Millennials) between 25 and 40. A minor percentage is Gen Z. They are under the age of 25. Furthermore, 53% of the respondents are male, and the rest are female. The most crucial factor is the respondents' domicile since the research focuses on citizens in the Bodetabek area. Bogor has the highest percentage of responders (31%), followed by Bekasi (31%), Tangerang (21%), and Depok (2%).

People's daily lives had been altered by the Covid-19 such as they could no longer go to work, dine in a restaurant, play sports at a sports center, or attend entertainment events. The question asked is regarding consumer behavior after the pandemic. The result shows that online streaming is the most preferred activity because people seem worried about going outside. People are increasingly doing all of their activities online, as evidenced by the results that food delivery is the second most chose by people, including the drive-thru and in-store pickup.

As a result of their changing behavior, some of their goals have shifted as well. Almost half of the respondents stated that their income decreased during the pandemic. Still, the majority stated that it stayed the same or no significant changes in their income. Their expenses and savings have decreased. The result is also supported by the survey conducted by PWC (2020), which stated that 65% of Indonesian consumers experience a decrease in household income. their income and financial behavior might cause result during the pandemic, and 40% of the respondents believe that their financial condition will be impacted for at least a year.

In addition, the respondents' purchasing habits altered as well. People's demand for fashion products has decreased due to work-from-home rules at their employment, which has resulted in their lack of need to dress every day. In addition, 37% of all respondents reported an increase in food and beverage purchases. Following the pandemic, there are the top five spending categories by Indonesian consumers: grocery, entertainment, and media, food pick up/delivery, DIY/home improvement/gardening. For Indonesian consumers, jobs, affordability, and safety are the essential aspects of a city following the COVID-19 outbreak. Meanwhile, transportation infrastructure, jobs, and education are the top three most essential aspects before the pandemic.

This research inevitably has limitations. Our quantitative data were only collected in the Bodetabek area, which may raise concerns about generalizability in a specific area. Considering this limitation, we recommend researching another area in Indonesia. So, the company and UMKM who work in Sumatera, Kalimantan, and other regions will know the changing of consumer preferences in their area.

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