

CHAPTER I

INTRODUCTION

1.1 Background

The development of an era can be seen from the economic and social level carried out by the community, basically human needs are not exactly the same. Therefore, humans always try to meet their needs and it is never ending. Human needs that vary according to their intensity are divided into three types, namely primary, secondary, and tertiary needs. The diverse needs of every human being that are still the basis are the needs for clothing, food, and housing. Along with the development of the times and technology, people's needs are increasing, resulting in the community having difficulty in determining which are the primary needs and which are the secondary needs for life, sources from Ahmad (2021).

People's needs are increasingly diverse, including cooking oil. Cooking oil is one of the important goods monitored by the government because it involves the interests of many people, almost all of the people's daily needs use cooking oil as a necessity (basic material).

Conforming to Ministry of Industry, Based on industrial data, the realization of palm cooking oil (MGS) production in 2021 reached 20.22 million tons, of which 5.07 million tons (25,07%) were used to meet domestic needs and the remaining 15.55 million tons (74,93%). for export purposes. The phenomenon of recent years fluctuations in world CPO prices has influenced the increase in cooking oil prices in the domestic market. In addition, the problem of the vacancy of the palm cooking oil market is an accumulation of problems in the supply or stock of palm cooking oil since December 2021, including rush buying in mid-January 2022.

According to the Indonesian National Standard (SNI 3741), cooking oil is a food ingredient with the main composition of triglycerides derived from vegetable ingredients with or without chemical changes including hydrogenation, cooling and

has gone through a purification process used for frying (National Standardization Agency, 2013 in Kusumaty et al, 2019).

Based on Haryati et al (2014) in Yeni Kusumawaty et al (2019) it is stated that cooking oil circulating in the community consists of two categories, namely bulk cooking oil and packaged cooking oil. Bulk cooking oil is cooking oil that does not have a brand and is usually sold in mass units (kilograms). While packaged cooking oil is cooking oil that has a trademark which is usually packaged in plastic bottles, refills, and jerry cans. Packaged cooking oil is generally clear and does not freeze at room temperature, while bulk cooking oil is generally yellow mixed with white and sometimes freezes at room temperature.



Figure 1.1 Unpackaged Cooking Oil (Bulk)
Source: CNN Indonesia

The development of the cooking oil business lately has shown symptoms, namely the increasing number and variety of cooking oil products offered by the company amid the oil scarcity that occurs in Indonesia, new brands are starting to appear in supermarkets or food retail stores, consumers are willing to queue to buy them. To obtain bulk or packaged cooking oil due to the scarcity that occurs.



Figure 1.2 Branded Packaged Cooking Oil
Source: CNN Indonesia

Due to the scarcity of oil in the market, new products have emerged due to the oil crisis that occurred, where the situation of bulk cooking oil is difficult to obtain again at this time, what happens is that new oils begin to emerge with the various brands they offer, with low prices to make a profit, the impact that consumers have made the switch due to the scarcity of bulk oil that is difficult to obtain. Many factors influence the purchasing decision of consumers in the decision to switch the purchase of cooking oil from those who previously used cooking oil without packaging (bulk) switched to using branded packaged cooking oil.

Cooking oil producers need to realize that consumer behavior in purchasing decisions has an important role in product sales. In the decision-making process to buy cooking oil products, brand switching behavior appears caused by several factors that cause consumers to switch brands to buy a product.

Based to Firmansyah (2019) brand switching is someone's desire to buy a different brand. than previously or usually purchased but with the same product and can be realized at the right time and opportunity accompanied by efforts to do so, there are nine factors that influence brand switching behavior, namely advertising, price, promotion, product quality, Word of mouth communication, personality, Brand image, The need for variety and consumer Dissatisfaction.

The emergence of new products and product quality are expected to influence consumer brand switching behavior. Based on the description above, The

Authors are interested in conducting research by choosing the title “**Analysis of Brand Switching from Unpackaged (Bulk) Cooking Oil Product to Branded Packaged Cooking Oil Product**” a case study on the Bengkalis island community as consumers of cooking oil.

1.2 Formulation of the Problem

Based on the background of the problem that has been described above, the formulation of the problem to be studied is as follows:

1. What are the factors that affect the brand switching of cooking oil carried out by consumers on Bengkalis Island?
2. Which factor is the most dominant in causing brand switching in the purchase of unpackaged cooking oil products (bulk) to branded packaged cooking oil products on Bengkalis island?
3. Which factor is the least causing brand switching in the purchase of unpackaged cooking oil products (bulk) to branded packaged cooking oil products in Bengkalis island?

1.3 Purpose of the Study

Based on the formulation of the problem, the research objectives to be achieved are as follows:

1. To find out the factors that affect the brand switching of cooking oil carried out by consumers in Bengkalis island.
2. To find out the most dominant factor that causes brand switching in the purchase of unpackaged cooking oil products (bulk) to branded packaged cooking oil products on Bengkalis island.
3. To find out the least factor that causes the brand switch in purchasing unpackaged cooking oil products (bulk) to branded packaged cooking oil products on Bengkalis island.

1.4 Significance of the Study

Each research is carried out to obtain benefits that can be beneficial for all interested parties. The expected benefits in conducting this research are as follows:

1. Benefits for educational institutions

The results of this study are expected to add information and knowledge, to be taken into consideration in decision making and reading sources, especially regarding consumer brand switching behavior and can also be used as a contribution in instilling interests, motivations and attitudes of students such that they can add insight.

2. Benefits for readers or society

This research provides a means to add references in conducting further research on consumer behavior in brand switching, besides that, it can also provide motivation and an overview to readers in determining consumer behavior.

3. Benefits for writers

This research can train The Author's knowledge such that the author continues to explore information about analysis of brand switching of unpackaged (bulk) cooking oil product to branded packaged cooking oil product.

1.5 Scope and Limitation of the Problem

Based on the background of the problems that have been described, the author can identify the scope of this study, which focuses on consumers who make a brand switching of unpackaged cooking oil products (bulk) to branded packaged cooking oil products located on the island of Bengkalis and the limitations of this research problem, only conducting research on how brand switching behavior occurs from cooking oil products without packaging (bulk) to oil product branded packaged fry that consumers make to the purchase decision of cooking oil.

1.6 Writing System

In order for this thesis report to be systematic and neatly structured, a systematic report writing is needed. The following is a systematic thesis report writing:

CHAPTER 1: INTRODUCTION

In CHAPTER 1 it explains the background that became the reason the author chose the topic, problem formulation, research objectives,

research benefits, research scope and limitations of the problem and systematic report writing.

CHAPTER 2: LITERATURE REVIEW

In CHAPTER 2 we explain the selected theories that generate ideas and underlie the topic of the chosen thesis title. Where the literature review contains previous research, theoretical basis and framework of thought.

CHAPTER 3: RESEARCH METHODOLOGY

In CHAPTER 3, it describes the types of research, research subjects and research objects. Location and object of research, types and sources, population and samples, sampling technique, Data collection technique, Data processing technique, Measurement scale, Data analysis method, Types of research, concept Definition and Operational Variable, Schedule and budget of the study.

CHAPTER 4: RESULT AND DISCUSSION

In CHAPTER 4, it explains the results of the research, discusses the research results obtained and the limitations of the research.

CHAPTER 5: CONCLUSIONS AND SUGGESTIONS

In CHAPTER 5, it explains the conclusions and suggestions from the research that has been done.