

FOOD STALL OWNERS' STRATEGIES IN RESPONSE TO RICE PRICE SURGES: A GROUNDED THEORY ANALYSIS

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ABSTRACT

The contemporary rice price surges are affected by several factors including natural, production-related, and even political factors. Food stall business owners affected by these surges need to make optimal decisions and strategies to ensure their business survival. This research aimed at identifying the strategies adopted by the affected food stall business owners. The study used a qualitative method with a Grounded Theory approach by conducting interviews with 6 respondents consisting of food stall owners in Jakarta. Based on the findings, 22 codes forming 5 categories were identified. This identification concluded 3 strategical themes: Price Adjustments, Substitution, and Omni-Channel totalling 24 points. The most common strategy applied by the participants is Price Adjustments as common as 21 points. This strategy is adopted to mitigate the impact of rising rice prices and maintain operations by focusing on price adjustments (13 points), portion sizes (5 points), and rice quality (3 points).

Keywords: Food Stall Business Strategy, Grounded Theory, Rice Price Surges.

ABSTRAK

Lonjakan harga beras saat ini dipengaruhi oleh beberapa faktor, antara lain faktor alam, faktor produksi, bahkan faktor politik. Pemilik usaha warung makan yang terkena dampak lonjakan ini perlu mengambil keputusan dan strategi yang optimal untuk menjamin kelangsungan usahanya. Penelitian ini bertujuan untuk mengidentifikasi strategi yang diterapkan oleh pemilik usaha warung makan yang terkena dampak. Penelitian menggunakan metode kualitatif dengan pendekatan Grounded Theory dengan melakukan wawancara terhadap 6 responden yang terdiri dari pemilik warung makan di Jakarta. Berdasarkan temuan, teridentifikasi 22 kode yang membentuk 5 kategori. Identifikasi ini menyimpulkan 3 tema strategis: Penyesuaian Harga, Substitusi, dan Omni-Channel yang berjumlah 24 poin. Strategi yang paling umum diterapkan oleh peserta adalah Penyesuaian Harga sebanyak 21 poin. Strategi ini diterapkan untuk memitigasi dampak kenaikan harga beras dan mempertahankan operasional dengan fokus pada penyesuaian harga (13 poin), ukuran porsi (5 poin), dan kualitas beras (3 poin).

Kata Kunci : *Grounded Theory, Lonjakan Harga Beras, Strategi Bisnis Warung Makan.*

INTRODUCTION

Indonesia is one of the largest rice producers in the world. Statistical data presented by the Food and Agricultural Organization of the United Nations in 2022 indicated that Indonesia ranked third as the largest rice-producing country globally, reaching approximately 54 million metric tons annually. Rice is also a staple food commodity in

Indonesia, playing a crucial role in providing carbohydrates for millions of its population. According to data from the Central Statistics Agency (BPS), the average per capita rice consumption in Indonesia in 2023 reached 1,558 kilograms per week. This figure is significantly higher compared to the consumption of other staple foods such as corn and cassava, which typically range below 100 kilograms per week. Given this phenomenon, with the increasing population in Indonesia, the demand for rice consumption is expected to continue rising.

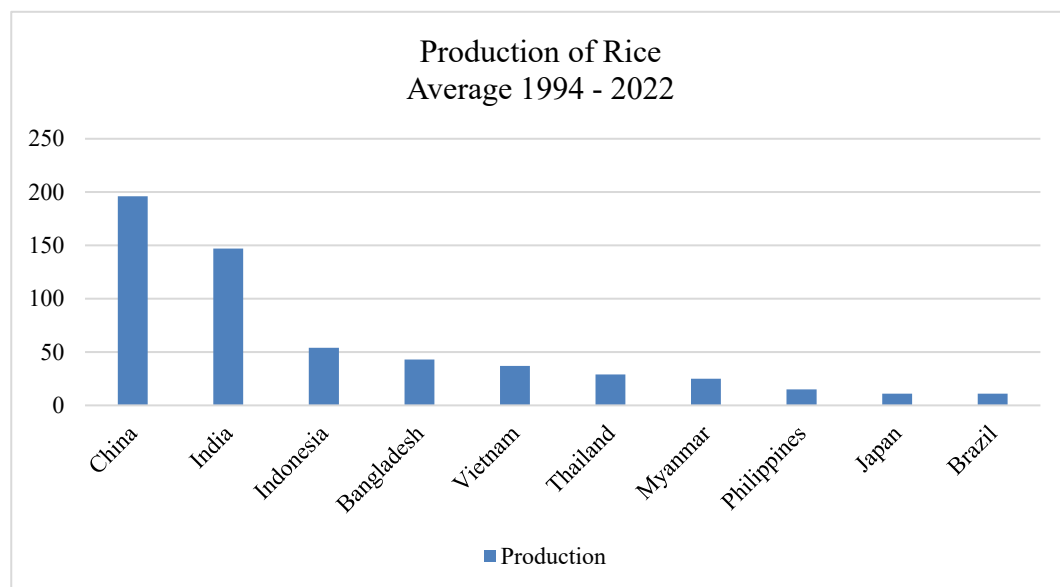


Figure 1. Largest Rice Producing Countries from 1994 to 2022

To meet the predicted increasing rice consumption demand, the government has undertaken various strategic measures, including enhancing domestic rice production. However, in 2023, domestic production could not meet the demand due to the prolonged dry season caused by the El Niño led to crop failures. As a consequence, the government resorted to rice imports from abroad. Throughout 2023, the government, represented by the National Logistics Agency (Perum Bulog), imported more than 3 million tons of rice, marking the largest rice import volume over the past five years.

The high volume of rice imports does not necessarily stabilize the rice prices. In February 2024, the National Food Agency recorded an average rice price of up to Rp14.330,00 for medium-quality rice and Rp16.430,00 for premium-quality rice. According to the Head of the National Food Agency, Arief Prasetyo Adi, the recent surges in rice price has been influenced by several factors, including the rise in production input costs such as fertilizers, seeds, land rental, labor wages, and other factors. The deficit in production compared to consumption over the past few months has also contributed to the surge in rice prices. In addition to natural and production factors, political factors are also suspected to have an influence on the surges in rice prices. The distribution of 10 kilograms of rice relief to around 21 million people before the 2024 general elections in February has also colored the situation and conditions of rice prices in the market.

Despite the government's efforts to curb rice prices, including the policy of providing food relief, have failed in lowering rice prices. As of the fourth week of March 2024, according to the National Food Agency, the average price of premium rice at retail traders still remains above Rp16.000/kg and above Rp14.000/kg for medium-quality rice.

These prices represent the highest levels observed in several months. The continuously surges in rice prices present a challenge for both consumers and businesses, particularly those in the food service sector. Therefore, entrepreneurs, especially those running eateries, are urged to devise strategies to cope with the rice price hike.

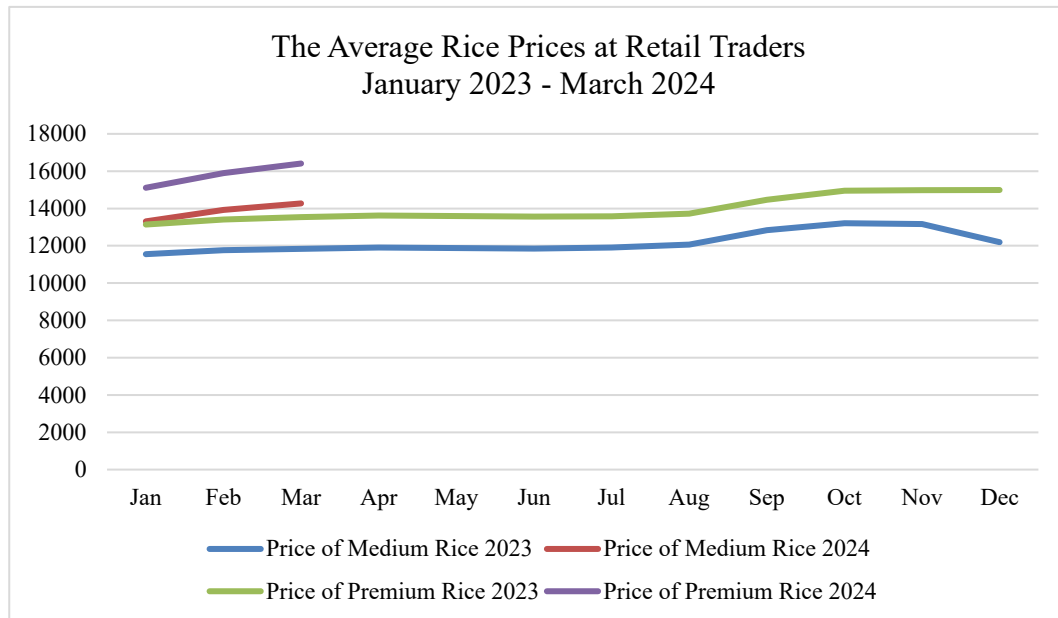


Figure 2. Average Rice Prices 2023 – 2024

The strategies made by the food stall owners in response to the escalating rice prices are an intriguing phenomenon worth examining. The strategies employed by these owners require thorough investigation and analysis. Therefore, this research aims to identify the strategies and decisions made by food stall owners to persevere amidst the persistently high rice commodity prices.

RESEARCH METHOD

The method used in this research is a qualitative method. It is a method that does not use statistical data, but researchers must understand and interpret a phenomenon and understand the subject behavior and subject behavior in a particular situation, where the data is in the form of descriptive data or in the form of words (Fiantia et. al, 2022). Furthermore, the approach taken in this study is the Grounded Theory approach, which is a qualitative research method developed by Barney Glaser and Anselm Strauss in the 1960s, in which the researchers must understand and develop new theories based on data from interviews or observations conducted (Sudirman et. al, 2023).

The data were collected through in-depth, one-on-one interviews. They are, then, analyzed to develop a new theory. The researchers believe that this method will allow them to explore the respondents' perceptions in depth, as well as to identify categories and themes that emerge from the data (Corbin & Strauss, 2015). The sample in this study was 6 respondents from local restaurant owners located in Jakarta. After the data were collected, the researcher identified the number of coding and grouped a number of categories which were then collected into themes. In line with what Creswell (2012) stated, the procedure for developing grounded theory consists of collecting interview data, identifying coding, developing and connecting categories or themes from data and

compiling a visual model as a general explanation. Overall, this approach aimed at gaining an in-depth understanding of the themes that emerges from the data explaining the strategies and decision-making processes employed by food stall sellers in response to the current surges in rice prices.

RESULT AND DISCUSSION

Data collection was conducted through interviews with 6 respondents with different food stalls in Jakarta, as presented in Table 1 below. To protect participant confidentiality, the names of the restaurant owners interviewed have been replaced with pseudonyms.

Table 1. Respondents Data

No	Name	Food Stall	Location
1	Seller A	Owner - Warteg Jon Metro Bahari Raya	Central Jakarta
2	Seller B	Owner - Warteg Sederhana NN	Central Jakarta
3	Seller C	Owner - Warung Makan Khas Manado Nusantara	Central Jakarta
4	Seller D	Owner - Warteg Kencana Bahari	Central Jakarta
5	Seller E	Owner - Warteg Purnama	East Jakarta
6	Seller F	Owner - Warung Makan Nenek	South Jakarta

Based on the interviews, a total of 22 codes were obtained, which were subsequently classified into 5 categories: Price Adjustment, Omni-Channel, Portion Adjustment, Rice Quality, and Substitution, shown on the Table 2 below.

Table 1. Coding Result

Respondent	Coding	Category				
		Price Adjustment	Omni Channel	Portion Adjustment	Rice Quality	Substitution
Warteg Jon Metro Bahari Raya – Seller A	Reducing profits to the point of loss, as long as customers don't flee	1				
	Not increasing the price of rice	1				
	Reducing rice portions for certain customers			1		
	Prioritizing quality by not substituting cheaper type of rice				1	
	Providing complimentary iced tea to dine-in customers		1			

Warteg Sederhana NN – Seller B	Not increasing the price of rice	1			
	Reducing rice portions		1		
	Planning to try selling online		1		
Warung Makan Khas Manado Nusantara - Seller C	Not increasing the price of rice	1			
	Taking a small profit	1			
	Not reducing rice portions		1		
	Not changing the type of rice to maintain quality			1	
Warteg Kencana Bahari - Seller D	Increasing the price of rice	1			
	Switching to cheaper rice			1	
	Taking a small profit, the main thing is to break even	1			
Warteg Purnama - Seller E	Reducing profits	1			
	Using the same price and portion, the main thing is a large customer volume	1	1		
Warung Makan Nenek – Seller F	The price is not high, the main thing is many customers	1			
	Not increasing the price of rice	1			
	Not substituting rice with other types for quality			1	
	Increasing the price of certain dishes/side dishes	1			
	Equalizing prices for customers who eat a lot of rice and those who eat little	1	1		
TOTAL		13	2	5	3
				1	

The categorized coding was then grouped into 3 themes, which encompass Price Adjustment, Substitution, and Omni-Channel, as shown in Table 3 below.

Table 2. Themes Result

Category	Score	Themes		
		Price Adjustment	Substitution	Omni-Channel

Price Adjustment	13	13		
<i>Omni Channel</i>	2		2	
Portion Adjustment	5	5		
Rice Quality	3	3		
Substitution	1		1	
Total	24	21	1	2

Based on Table 3 above, the Price Adjustment theme has a frequency of 21 points from the Price Adjustment, Portion Adjustment and Rice Quality categories. Substitution theme has a frequency of 1 points consisting of Substitution category. Meanwhile, for the Omni-Channel theme, it has a frequency of 2 points from the Omni-Channel category. Of the three predetermined themes, it is found that the most common strategy by food stall owners is prioritizing Price Adjustment with 21 points.

CONCLUSION AND SUGGESTION

Conclusion

The recent increase in rice prices has had a significant impact on the community, especially for food stalls in Jakarta. This phenomenon encourages food stall owners to decide the right strategy and the best for customers and for the food stall owners themselves. The result of this study, utilizing Grounded Theory methodology, identified several key strategies implemented by food stall owners in Jakarta. It can be concluded that food stall owners carry out several strategies, namely Price Adjustment, Substitution, and Omni Channel. The Price Adjustment strategy is the most widely practiced by food stall owners to survive the impact of rising rice prices with 21 points, by way of Price Adjustment (13 points), Portion Adjustment (5 points) and Rice Quality (3 points).

Suggestion

To cope with the recent increase in rice prices, food stall owners in Jakarta should consider several strategies. Clear communication with customers about the reasons behind price or portion adjustments is crucial to maintain trust and prevent misunderstandings. Diversifying the menu by introducing new items with more affordable ingredients, such as replacing rice with noodles or potatoes, can also be effective. Utilizing social media for omni-channel marketing to promote new menus, discounts, or special offers will help attract more customers. It's essential to maintain the quality of food despite adjustments, as customers are more likely to accept price increases if the quality remains consistent. Reviewing operational processes to find efficiencies, such as reducing food waste or optimizing ingredient use, can help manage costs. Developing loyalty programs, such as point cards, special discounts, or exclusive offers for regular customers, can enhance customer retention. Collaborating with suppliers to seek more competitive prices or negotiating better terms can also be beneficial. Lastly, educating and training staff on the importance of price adjustments and handling customer inquiries or complaints can help maintain a positive atmosphere at the food stall. By implementing these strategies, food stall owners in Jakarta can better adapt to rising rice prices and continue to satisfy their customers.

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