

# Labelling Practices in the MSME-Scale Food & Beverage Industry in Bangka Belitung

*by* Levyda Levyda

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# Labelling Practices in the MSME-Scale Food & Beverage Industry in Bangka Belitung

Levyda Levyda<sup>1</sup>, Kania Ratnasari<sup>2</sup>, Giyatmi Giyatmi<sup>3</sup>

<sup>1</sup>Management Department (Sahid University)

<sup>2</sup>Management Department (Sahid University)

<sup>3</sup>Food Technology Department (Sahid University)

\*levyda\_mm@yahoo.co.id

**Abstract.** Labels have an essential role for consumers. Manufacturers are required to provide important information that can be considered in buying and consuming and purchasing products. Although essential, there are still many products that do not include important information for consumers. Research on the content of food labels has been done a lot, but research on the label of food souvenirs sold to tourists is still limited. This study fills the gap in the discussion of the contents of food gift labels. This research is very important for tourist destinations because food souvenirs are a tourist attraction. This study aims to identify information that has been conveyed to consumers and information that has not been conveyed. One hundred fifty foods and beverages were taken as the sample of this study. Feasibility of label refers to the Government Regulation on the MSME scale business. The results showed that only 63.7% of products had a halal label, 87.3% did not include the date of production, 93.7% did not include nutritional information. The limitation of this study is the number of samples of food product under study. The contribution of this research is the food label data that has been analyzed and the label analysis method.

## 1. Introduction

Food product labels are very important to consumers and producers-the higher consumer awareness on food safety, the more important the role of labels. The food label is a set of written, printed, graphic information that aims to provide an overview of the product and promote [1]. Labels influence consumer purchasing behavior [2], customer trust [3] and enhanced trust [4]. The label serves as a means of communication between producers to consumers, producers to the government, and producers to industry [4]. Labels allow consumers to trust the manufacturer and perceived risk [4].

Labels affect willingness to pay on premium product labels, and labels that emphasize support for animal welfare and agricultural sustainability are preferred [5] and affect purchasing decisions [6] [1].

Food are often used for promotion of tourism destinations. Food has a positive effect on destinations [7]. Food labels will help tourists get to know the processed food they buy at tourist destinations. Labels are very important for tourists so that they are familiar with the food souvenirs they buy [8].

The importance of information on labels includes price and health risk warnings, production date, expiration date, nutrition and content, storage, and use [9]. Purchasing decisions for food products in Indonesia are influenced by price, packaging, nutrition and producers [10]. The label information indicates the quality of the wine [11]. Important information on cow's milk cheese is PDO (Protected Denomination Origin), organic logo, and nutrition [12]. In Indonesia, the halal label influences consumer purchasing decisions [13] [14]. The front of the label that consumers often read is the halal logo, net weight, product name, trademark, registration number, while the back label is often read nutrition information, product composition, expiration date, health claim, product description, factory, and others [15]. There are differences in the order of importance of information on labels due to age differences [16]. The habit of reading labels depends on gender, age and education, as well as the influence of labels on purchasing decisions [16].

Based on the Consumer Protection Law Number 8 of 1999 [17], several consumer rights related to labels are "the right to comfort, security and safety in consuming goods and / or services; the right to choose goods and / or services and to obtain goods and / or services, this is in accordance with the exchange rate and the conditions and guarantees promised; the right to correct, clear and honest information regarding the condition and guarantee of goods and / or services; and the right to receive guidance and education for consumers ". The producer is obliged to "provide true, clear and honest information regarding the condition and guarantee of goods and / or services and provide an explanation of the use, repair and maintenance."

The household-scale food industry is required to have a household food industry certificate. Companies are required to provide information on "name of a type of food, trade name, type of packaging, net weight/net content, raw materials and other materials used, production stages, name, address, zip code and telephone number, owner name, name of the insure, information on shelf life (expiration), information on production codes".

From the perspective of consumers, labels are very important, as well as from government regulations. Therefore, companies are obliged to provide important information to consumers. This study aims to describe the information listed on the food souvenir label sold in a tourist destination

## **2. Methodology**

The survey was conducted on food souvenirs made by MSMEs and sold in food souvenir shops frequented by tourists in Tanjung Pandan and Pangkal Pinang in Bangka Belitung Province. The sample of this research was 150 food souvenirs representing 20 categories of food souvenirs. These samples were selected by accidental sampling method.

Labels are checked with a checklist developed based on the regulation of the Food and Drug Administration Number 22 of 2018. Of all the labels examined, the number of products that provide certain information is obtained.

## **3. Result and Discussion**

The information on the label is very important for tourists who buy food souvenirs at the destinations visited. The name of a food souvenir is very important, especially for products that are not well known by tourists.

Most of them have listed the name of the food souvenir on the label. Brands play a role in making it easier for consumers to remember the products they purchased and differentiate them from others. MSMEs (Micro Small Medium Enterprises) that produces souvenirs in Bangka Belitung, is very aware of brands' importance; this can be seen from products with very large brands.

The manufacturer's address is very important for future business. The manufacturer's address makes it easy for parties who will do business with the producers. From the survey results, only 51.3% of products listed the address of the manufacturer. The location of the producer is very important.

Table 1. Availability of Information on Food Souvenir Labels

Label Characteristics	Available	Not Available
Product name	98.7%	1.3%
Name of Manufacturer	51.3%	48.7%
Address of the Manufacturer	28.7%	71.3%
Location of the Manufacturer	70.0%	30.0%
Brand name	90.7%	9.3%
P-IRT (Home Industry Products)	93.3%	6.7%
Ingredient description / Material composition	87.3%	12.7%
Content description	98.0%	2.0%
Halal label	34.7%	65.3%
Nutritional information	2.7%	97.3%
Production date	12.7%	87.3%
Expired date	83.3%	16.7%
Production code / Bar Code	58.0%	42.0%
Customer service contacts	14.7%	85.3%

Source: primary data

The America Marketing Association define brand as “A brand is a customer experience represented by a collection of images and idea; often it refers to a symbol such as a name, logo, slogan, and design scheme” [18]. A brand is very important to reach the consumer market and business market. Processed food producers' awareness of brands' role is high—the number of products that already have a brand reaching 90.7%. Brands must be registered as trademarks. Trademark is a combination of various symbols that distinguishes a company's product from other companies [19]. Trademarks are registered to protect brands, leverage brand equity, protect investments from building quality and reputation, protecting intellectual property rights [20].

Household-scale businesses make many of the processed food sold in souvenir shops. Home-scale food businesses must have a Home Industry Food Production permit [21]. To obtain this certificate, food entrepreneurs must fill out an application form, submit a business permit document and design of food labels, and a food extension certificate. 93.3% of food products are produced by entrepreneurs who have a Home Industry Food Production certificate; there are still 6.7% of products produced by companies that do not have a Home Industry Food Production certificate.

Processed food producers are required to state the weight of the contents and materials used [21]. The awareness of the MSMEs in the food industry to combine this information is already high. 87.3% of products already provide information on the raw materials used for food. 98% of products include weight information. Household scale processed food producers must include nutritional value information on the label. Although important, from the survey results, only 2.7% of processed foods contained nutritional information.

The halal label is an important clue for Muslim. The employer who has obtained a halal certificate is required to include halal labels on products that have received a halal certificate [22]. From the survey results, only 34.7% of the products have halal certificates.

The supply information system using a barcode scanner helps manage inventory data using a barcode scanner camera [23]. Some MSMEs in the food industry have used barcode scanner information systems to help with inventory management. From the survey, 58% of products have used a barcode, and 42% do not have a barcode.

MSMEs in the food industry are required to provide expiration date information [24]. Products that provide expiration date information reach 83.3%. The remaining 16.7% do not provide expiration date information. Only 12.7% of the products provided production date information.

The company provides customer service call centers to build long-term relationships with customers. Call centers provide a means for consumers to express customer emotions because customer emotions affect customer satisfaction. Few MSMEs in the food industry care about this. Only 14.7% of products provide information about customer service.

### Conclusion

MSMEs in the food industry is needed to support culinary tourism in Bangka Belitung. The role of labels on food products is very important because tourists cannot be familiar with the food souvenirs to be purchased. Some information on Bangka Belitung food products is still necessary, such as the factory's name and address, nutritional information, halal labels, production dates, and expiration dates. Several companies have realized the need for inventory management by providing barcodes on their products. To build relationships with customers, some companies also provide customer service information. This study only examines the label from the entrepreneur's perspective and uses the label observation method. In the future, it is necessary to conduct a study using the in-depth interview method to explore the views of MSMEs entrepreneurs on the label.

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