



## LEGAL AND ECONOMIC IMPACT OF THE FROZEN FOOD INDUSTRY ON INDONESIAN SOCIETY

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### ABSTRACT

*Frozen food has become a popular food alternative among Indonesian society due to its practicality and long shelf life. This study aims to analyze the legal and economic impacts of the frozen food business on Indonesian society, particularly in terms of regulatory compliance and the economic opportunities and challenges it presents. This research employs a qualitative method with a descriptive-explorative approach, using secondary data obtained from academic literature, relevant legislation, and previous studies. Legally, the findings indicate that many business actors fail to meet licensing requirements such as distribution permits from BPOM and halal certification, which compromises consumer safety. Economically, the frozen food industry offers new entrepreneurship opportunities, increases community income, and provides an economic solution during the pandemic. The expected outcome of this research is to enhance understanding of the importance of legal compliance in the processed food industry and to encourage the strengthening of the community's economy through a legally compliant and sustainable frozen food sector.*

**Keywords:** Frozen Food, Legal Impact, Economic Impact, Consumer Protection, Distribution Permit, Micro Business.

## 1. INTRODUCTION

Every human being needs various things to survive, and one of the most important is food. Food is a basic necessity that cannot be postponed because it greatly affects a person's survival. Without food, the body will not receive the energy needed for daily activities, growth, and overall health maintenance. Therefore, access to sufficient and nutritious food is a fundamental right for everyone. This right is also guaranteed in the 1945 Constitution of the Republic of Indonesia, as food is considered one of the key elements in fostering healthy, strong, and high-quality human resources.

Food can be defined as any type of substance consumed daily, whether from plants or animals, that serves to meet the body's energy and nutritional needs. The primary function of food is to maintain bodily health, support growth, assist the body in performing various activities, and repair damaged body tissues. In other words, food is not merely for satiating hunger but is also crucial for both physical and mental health. Due to its vital role, food is referred to as the most basic or primary need for every human being (Soleha, K., 2022; Harahap et al., 2024).

Frozen food is the process of storing food before further processing. One of its advantages is that the quality and taste remain unchanged, and it can be stored for a long time in the refrigerator. This is ideal for consumers who have families and is a business commodity for several companies (Amalina, W. 2022).

Price is one of the main considerations for consumers when making a purchasing decision. Price significantly influences whether someone will be interested in buying a product or choose an alternative. Therefore, companies must set prices carefully and in line with the target market conditions. Prices that are too high may make the product inaccessible to consumers, while prices that are too low may harm the company or reduce the perceived quality of the product.

If a company sets an inappropriate price, this can have a negative impact on demand levels. The product may not sell well in the market because it is perceived as too expensive or not aligned with the value offered. As a result, sales volume may decrease, and the company may lose market share. Therefore, it is important for companies to understand consumer purchasing power and market competition conditions before determining prices (Rambe et al., 2023; Suhendar & Rambe., 2023; Rambe., 2024). An appropriate pricing strategy can help increase sales while expanding the target market reach.

Regulations regarding food or food products in Indonesia are governed by Law No. 18 of 2012 on Food.

This law replaces the previous law, Law No. 7 of 1996 on Food, with a broader scope and greater emphasis on food sovereignty, food safety, nutrition, and the right to food as part of human rights.

In Indonesia, all food products that have obtained official distribution permits from the BPOM (Food and Drug Supervisory Agency) are considered safe for consumption by the public. This is because these products have undergone a series of laboratory tests to ensure their safety. Both domestically produced food products and those imported from abroad must be registered and obtain a distribution permit number from the BPOM before they can be legally sold in the market. Every type of food product must meet certain requirements and procedures before being allowed to circulate widely in the community. One of the main requirements is to include the distribution permit number on the product packaging. The regulations regarding distribution permits are stipulated in Law Number 36 of 2009 on Health, specifically in Article 111 paragraph (2), which states that food and beverages may only be distributed after obtaining a distribution permit in

accordance with applicable laws and regulations. Furthermore, Law No. 18 of 2012 on Food, Article 91(1), also states that for the purpose of monitoring safety, quality, and nutritional content, all processed food products, whether produced domestically or imported for sale in retail packaging, must have a distribution license from the business operator.

In addition, for processed food products marketed online, BPOM regulates the provisions in BPOM Regulations. The regulations stipulate that all processed food products sold online must have a distribution permit and be produced in accordance with good processed food production standards as stipulated in the legislation.

Business operators are also obligated to ensure that the electronic systems used in online sales meet the required standards. This includes clearly displaying the business operator's name and address, as well as providing complete product label information in accordance with applicable legal provisions (Legal, 2020).

The high number of business operators who ignore the importance of distribution permits is evident from the prevalence of unlicensed processed food products such as risol, kebab, pempek, and frozen sempol sold on Shopee, Instagram, WhatsApp, Tokopedia, and other e-commerce platforms. Without guarantees from the BPOM, consumers do not have safety assurances when consuming frozen products. The above situation clearly raises issues of consumer protection regarding the rights and obligations between consumers and business operators. This study aims to analyze legal protection for consumers related to the circulation of unlicensed frozen food products sold online in accordance with Law No. 8 of 1999 on Consumer Protection, Law No. 18 of 2012 on Food, BPOM Regulation No. 8 of 2020 concerning Supervision of Drugs and Food Circulated Online, Law No. 36 of 2009 concerning Health, and also examines the responsibility of business actors for the sale of frozen food products without distribution permits online. (Legal., 2020)

## **RESEARCH METHODE**

The type of research used in this study is qualitative research with a descriptive exploratory approach. Qualitative research is a method that aims to deeply understand a social phenomenon that occurs in its natural context, without any intervention or manipulation from the researcher. In this approach, the researcher plays a key role in the data collection process. The data collected is usually in the form of narratives obtained through interviews, direct observation, document review, or various other forms of communication. The main objective of this approach is to gain a comprehensive understanding of the meaning, subjective experiences, and perspectives of individuals and groups in a comprehensive and descriptive manner.

In the context of this research, the data source used is secondary data. Secondary data is data that is not obtained directly from the field but comes from various existing sources. Examples of secondary data used in this study include relevant laws and regulations, scientific books, academic journals, and various previous research results discussing similar issues, particularly related to law enforcement regarding the distribution of frozen food products marketed through online platforms from a consumer protection perspective (Rambe & Sihombing., 2024; Rizky et al., 2024; Ayu et al., 2024). The data was analyzed to gain a deeper understanding of how legal and regulatory aspects can protect consumers of digitally distributed products, as well as to identify challenges and solutions in their implementation.

## 2. RESULT AND ANALYSIS

### **Legal Impact of Frozen Food Businesses on Society**

Legally, frozen food businesses are required to comply with various regulations and requirements set by the government to ensure the safety, quality, and legality of products circulating in society. Some important regulations that must be met include obtaining a distribution license from the Food and Drug Supervisory Agency (BPOM) to ensure the products are safe for consumption, halal certification from the Indonesian Ulema Council (MUI) to guarantee the halal status of products for Muslim consumers, and compliance with food safety standards as stipulated in the Food and Drug Supervisory Agency Regulations. However, in reality, many micro and small businesses still lack adequate understanding of the importance of business legality, often neglecting the necessary licensing and certification processes. As a result, the products they sell not only risk violating applicable legal provisions but also pose potential health and safety risks to consumers who consume them.

Food is one of humanity's basic needs. Frozen food is one type of food currently in demand by society. As a result, food companies are working to produce various processed food products, such as processed meat products and other foods, to meet consumer demand. (Legal., 2020).

Legal protection for consumers regarding frozen food products without distribution permits sold online is provided by Food and Drug Administration Regulation No. 8 of 2020 and No. 36 of 2009 concerning Health, Law No. 8 of 1999 concerning Consumer Protection, and Law No. 18 of 2012 concerning Food. In addition to being regulated under the Food Law, it is also regulated under the Food and Drug Supervisory Agency Regulation No. 27 of 2017 on the Registration of Processed Food, hereinafter referred to as PerBPOM No. 27 of 2017, which states that every processed food produced domestically for sale in retail packaging must have a distribution license in the form of the text "BPOM RI MD" followed by a series of numbers. A distribution permit is an approval of the assessment of processed food issued by the head of the agency for the distribution of processed food. 5 Regarding the distribution of processed frozen food that does not have an MD distribution permit from BPOM, Law No. 36 of 2009 on Health, hereinafter referred to as the Health Law, also regulates that food and beverages can only be distributed after obtaining a distribution permit in accordance with the provisions of applicable laws and regulations (Yuliani, 2022).

In the distribution sector for frozen food products, many parties remain negligent regarding distribution permits. Given the importance of food safety, Article 67(1) of Law No. 18 of 2012 on Food states that food safety aims to ensure that food is always safe and clean, of good quality, nutritionally balanced, and does not conflict with the religion, beliefs, and culture of the community.

Article 75(1) of Law No. 18 of 2012 on Food states that: "Any person producing food products for distribution is prohibited from using any biotechnology that is not registered and authorized for use in food ingredients by the government." Therefore, prospective investors in this sector are prohibited from creating food products that contain substances harmful to humans. (Legal., 2020).

The main challenges faced by this sector are the lack of adequate legal education and limited access to financing for small businesses, which often hinder their development and sustainability (Rambe et al., 2024; Sanjaya et al., 2023). Articles 19 and 23 of the UUPK regulate the responsibilities of businesses selling cold food without a distribution permit that is sold online. These articles stipulate that businesses must take full responsibility for consumer losses in the form of refunds, replacement with equivalent

goods, medical care, and/or compensation payments. Replacements must be provided within 7 days of the transaction. Therefore, there is room for disputes where consumers can file criminal charges from their location, and businesses bear the burden of proving that the dispute has been resolved. (Legal, 2020)

### **The economic impact of frozen food businesses on society**

Frozen food, as the name suggests, is food that is packaged, frozen, and sold in a frozen state. These products usually include meatballs, nuggets, sausages, and other items, most of which are made from processed meat. Frozen food products are becoming increasingly popular among Indonesian society because they have the advantage of maintaining their taste and quality for a longer period than non-frozen food products, making them an attractive option. Additionally, frozen food is specifically marketed toward people who want to prepare meals quickly, targeting those who do not have much free time. However, it is important to note that frozen food products also have drawbacks: every frozen food product relies heavily on a freezer to maintain its temperature. Furthermore, many Indonesians often neglect to check the expiration date when purchasing these products (Agustin & Susilo, 2023). As a result, it is not uncommon to find cases where consumers complain because the frozen food they purchased is no longer suitable for consumption. This is not entirely the consumer's fault for not checking the expiration date of the product they purchased, but also the seller's fault for not consistently checking the expiration dates of their products. This indicates that consumers' health knowledge levels remain an important factor that needs to be addressed. Health knowledge can be defined as an individual's ability to understand and use health information, including healthy eating patterns, to make appropriate health decisions (Aliffia & Kurniawati, 2023). With this knowledge, consumers can not only choose products that suit their needs but also be more aware of the information listed on nutrition labels, including expiration dates and ingredient content.

The presence of frozen food among Indonesians has provided new opportunities for people to start businesses selling frozen food, but over time, everyone who sells frozen food now faces a new challenge: fierce competition among fellow frozen food sellers. We cannot deny that there are now many frozen food sellers, and they can be easily found in every region of Indonesia. According to observers, the popularity of frozen food products in the Indonesian market began to rise following the implementation of lockdowns across Indonesia due to the COVID-19 virus in 2019. The increasing demand for frozen food products is attributed to the fact that frozen food is considered one of the most suitable products to consume during lockdowns. This is because frozen food products can maintain their quality and taste over an extended period, allowing for delivery even if it takes several days. As a result, people choose these products to meet their food needs during lockdowns without having to leave their homes (Shagti et al., 2022). The increased demand for frozen food products presented a golden opportunity for Indonesian society at that time to maintain economic stability while also serving as a solution for merchants facing a decline in sales of the food products they sold.

Additionally, many people chose to start frozen food businesses due to the high market demand. Not only that, but many also opted to become resellers or stockists of frozen food products because selling them does not require extensive equipment, requiring only a freezer as a storage tool for the frozen food products, and sales can be conducted in a fairly flexible manner, such as selling online through e-commerce apps or by marketing or advertising through social media (Irawati, 2022). Such a marketing system typically focuses on fulfilling consumer demand and preferences. In this context, delivery

and costs are two critical aspects that must be closely monitored, as they directly impact operational efficiency and business profitability. Additionally, there are supporting aspects that cannot be overlooked, such as product promotion, which must be conducted regularly and systematically, as this directly influences consumer numbers. Furthermore, to prevent customer attrition, it is essential not to delay the introduction of new products aligned with market interests. This also requires sellers to continuously adapt to various changes occurring in the market (Megi et al., 2025). In addition to promotion and market adaptation, businesses must also understand consumer preferences in more detail. The most important factors influencing consumer preferences when choosing frozen food products, in order of importance, are taste, price, packaging, and brand. Taste is the primary factor consumers evaluate to determine whether a product meets their desires and needs. If the taste of a product meets expectations, it will make it easier for consumers to make subsequent purchasing decisions and may even encourage repeat purchases (Rahardjo, 2016). Another equally important factor that every business operator, especially those in the frozen food industry, must possess is high creativity to attract and retain consumers. Additionally, implementing halal certification is an effective strategic step to enhance a product's competitiveness in the market. Halal certification adds value to the product, increases consumer trust and loyalty, and opens opportunities to reach a broader market, especially among Muslim consumers who prefer halal products. (Agung & Astuti., 2025; Rambe et al., 2024) In the context of Indonesian society, which is predominantly Muslim, the presence of halal labels on frozen food packaging is an important factor influencing consumer purchasing decisions.

Frozen food manufacturers also have a fairly effective way to increase the sales of their products and also increase consumer purchasing power, namely by conducting socialization and training for community groups with the aim of enabling these communities to become resellers of their frozen food products or at least willing and interested in consuming and using their frozen food products (Ayuningsih et al., 2023; Rambe et al., 2023).

## **CONCLUSION**

The frozen food industry in Indonesia has a significant impact on both legal and economic aspects. Legally, many businesses still lack an understanding of the importance of business legality, such as obtaining distribution permits from the Indonesian Food and Drug Administration (BPOM), halal certification, and compliance with food safety standards. Ignorance and disregard for these regulations can lead to legal problems and threaten consumer safety. Regulations such as the Food, Health, and Consumer Protection Law serve as a crucial foundation for protecting consumers and regulating business operators' responsibilities. Economically, the frozen food industry creates new opportunities for entrepreneurship and contributes to economic stability, particularly since the onset of the COVID-19 pandemic. These products are popular due to their convenience and long shelf life. However, intensifying competition demands that businesses continue to innovate and be creative. Marketing strategies, promotions, and distribution also play a key role in sustaining business operations. Therefore, while the frozen food industry offers significant potential, businesses must prioritize legal compliance and product quality to ensure sustainable growth while maintaining consumer protection as a top priority.

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