

THE CHANNEL ANALYSIS AND MARKETING EFFICIENCY LADA IN MORAMO DISTRICT SOUTH KONAWA REGENCY

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ABSTRACT

This research aims to know the pepper marketing channels, the marketing margins, and the efficiency of each marketing channel. This research was conducted in the Moramo District of South Konawe Regency from May to November 2021. The study was analyzed using descriptive analysis, marketing margin analysis, and marketing efficiency (Farmer's Share). The sample of pepper farmers was 66 people. In comparison, the sample of marketing agencies was determined by the Snowball Sampling method, which amounted to 6 collectors and small traders as many as three people, and large traders as many as one person. The study results showed the existing channel marketing: (a) Producer, Collector, Trade significant, Consumers (b) Producers, Traders small, Traders big, Consumers. Performance of the pepper marketing channel in channel I, namely the marketing margin of IDR1.000/kg and IDR3.500/kg with a marketing profit of IDR925.52/kg and IDR3.293.56/kg, while in channel II the marketing margin is IDR1.500/kg and IDR2.000/kg with marketing profits of IDR1.337.39/kg and IDR1.793.56/kg. The results of the analysis showed that the percentage of the share of prices received by producers (Farmer's Share) from both pepper marketing channels each showed above 50% in marketing channel I by 92% and marketing channel II by 94%, this indicates that both marketing channels are already very efficient. However, from the farmer's point of view, marketing channel II is more efficient because the profits obtained by farmers are more than in marketing channel I.

Keywords: efficiency; margins; marketing channels; pepper

INTRODUCTION

Pepper is one of the plantation commodities with crucial economic value in Indonesia. Apart from being used as a cooking spice, it can also be used as an industrial raw material. Pepper has high export opportunities to increase farmers' income and create job opportunities (Saleh, 2017). Southeast Sulawesi Province is one of the provinces in Indonesia that is the centre of pepper production. There are 16 regencies in Southeast Sulawesi that cultivate pepper plants with a total output of 6.825 tons and an area of 25.942 ha. South Konawe Regency is the district with the largest region in Southeast Sulawesi, with a planted area of 3.349 ha and pepper production of 1.117 tons. Pepper production in South Konawe Regency has increased little by little every year. In 2016 pepper production was 1.095 tons. In 2017 and 2018, pepper production was the same, 1,098 tons, and in 2019 and 2020, pepper production was the same, 1.117 tons. The most significant pepper production was in 2019 and 2020, with a total production of 1.117 tons, while the least amount of pepper production was in 2016, with a total production of 1.095 tons.

The pattern of pepper marketing channels in the Moramo District varies. The actors involved include farmers as producers, collectors, small traders, wholesalers, and consumers. The existence of various patterns of marketing channels carried out by farmers affects pepper's price and selling value at multiple marketing channels. Marketing channels that are too long cause more and more links to be involved in marketing, thus causing the price of goods paid by the final consumer to be expensive and causing the profits obtained by producers to be smaller. This happens because every institution

involved in the marketing channel wants to make a profit to reduce producers' prices significantly. When it reaches the consumer, the price will be higher in line with Januwiata et al. (2014), which say that marketing a farm's production to obtain maximum profit will depend on marketing channels. One aspect of marketing that needs to be considered to increase the flow of goods from producers to consumers is marketing efficiency. Through marketing efficiency, apart from seeing the difference in prices received by farmers until consumers pay for the goods, the profits obtained by marketing institutions can also be seen. In line with Sofanudin & Budiman (2017), the marketing channel or chain depends on the number of marketing agencies involved, from producer farmers to consumers.

The difference in marketing margins will be even more significant if the existing marketing channel is too long. If the marketing channel is extended, producers' share of the price will be smaller, and vice versa. Fitrah (2013) and Krisnadi et al. (2017) also conducted research focusing on pepper farming. While the research conducted by Pradyatama et al. (2020) is different in terms of the analysis used in this study, the analysis used is marketing margin and price transmission elasticity. Furthermore, Whardani et al. (2019) conducted research with the analysis used, namely the multiple linear regression analysis methods with the determination test of the F-test and t-test. Delita et al. (2015) conducted research focusing on marketing and analyzing financial feasibility.

Further research was conducted by Maryadi & Agusta (2016) with the analysis used, namely margins, efficiency and analyzing the feasibility of the plantation business and the direction of pepper plantation development. While the research conducted by Saleh (2017) uses the same analysis but is viewed from the perspective of Islamic economics. The phenomenon in the field shows that the length of the pepper marketing channel will affect the profits obtained by farmers. So the researchers aimed to examine pepper's marketing channels and efficiency in Moramo District, South Konawe Regency.

MATERIALS AND METHODS

This research was conducted in Moramo District, South Konawe Regency, Southeast Sulawesi Province. The location is determined purposively, considering that most are in that location. This research was carried out for ten months, from May 2021 to January 2022. This research uses quantitative analysis to determine marketing channels, margins, and efficiency by calculating the number of marketing costs and profits at each marketing agency. Pepper marketing channels will be analyzed descriptively by describing pepper's pattern or marketing channels in Moramo District, South Konawe Regency. To know the performance of the marketing channel of pepper farming, that is, by using marketing margin analysis and marketing efficiency. Marketing margin analysis determines the difference between the price paid by consumers and the price received by producers. In comparison, the study of marketing efficiency is used to determine the level of efficiency of the marketing channel of pepper farming with the marketing efficiency formula as for the margin formula and marketing efficiency used according to Surni (2015).

RESULTS AND DISCUSSION

Respondents Overview

Table 1. Characteristics of respondent farmers and marketing institutions based on age, education level, number of family dependents, and experience in farming /trading experience in Moramo District, 2021

Description	Farmer	(%)	Collector	Small Merchant	Wholesalers
Age	0-14	-	-		
	15-64	62	93.94	6	3
	> 64	4	6.06		1
Level of education	Primary School	24	36.36	3	2
	Junior High School	18	27.27	1	1
	Senior High School	20	30.3	2	1
	S1	4	6.07	6	3
Number of Family Dependents (Soul)	1 - 3	38	57.58	6	1
	4 - 5	28	42.42		2
Farming Experience /Trade (Year)	< 5	6	9.1		
	5 - 10	38	57.58	6	3
	> 10	22	33.33		1

Source: Primary data processing results, 2022

Based on Table 1, it can be seen that in the age category of the 66 respondent farmers, there are 62 farmers, with a percentage of 93.94% being in the productive age, namely the age between 15-and 64 years. This is in line with the opinion of Gatingsih & Sutrisno (2017) that the composition of the population, when targeted towards productive age and unproductive age, is divided into three pieces, namely 0-14 years old (hopeless age), 15-64 years old (effective generation). And age >64 years (unproductive age). The respondent's age can determine the ability of farmers to think and make decisions. This shows that farmer respondents generally have a dynamic attitude in carrying out activities related to the development of pepper cultivation. This is in line with Kurnia et al. (2017), which say that age is one of the factors that influence success in carrying out an activity and will also affect the physical ability to work and the way of thinking of farmers.

Based on the research results, the education level category shows that the respondent's farmer education consists of Primary School 36.36%, and Junior High School 27.27%. High School is 30.3%. Higher Education is 6.07%. This shows that the respondent farmers have taken formal education, so it can be easier to obtain information about the development of pepper farming in the future. Furthermore, Arbi et al. (2018) state that the education level also influences farmers in carrying out their farming. High education can help farmers make decisions if they are faced with several problems related to their farming activities and are responsive to changes. That occurs in their environment or in adopting new technology.

Based on the results of the study in Table 1. The number of family dependents of 66 respondent farmers shows 38 respondents (57.58%) with 1-3 family dependents and 28 farmer respondents (42.42%) with 4-5 people. Ratnawati et al. (2019) stated that the number of family dependents is the farmer's responsibility for his survival. Besides that, it also affects the income and expenses of the family of farmers with a large number of family dependents, and the farmer will be able to have a workforce in a more prominent family as well.

Farming experience shows that six farmers have been farming for less than five years, 38 planted for 5-10 years, and 22 have been farming for more than ten years. The length of farming is closely related to the farmer's age. The older the farmer, the more experience he has compared to younger farmers. The size of a farmer's business can be seen from the actions of a farmer in managing his farm. Ratnawati et al. (2019), farming experience is one of the crucial factors in determining the success of farming because, with farming experience, the farmers can overcome the difficulties.

Marketing institutions such as collectors and traders are needed in marketing activities, both small and large traders. Marketing institutions perform marketing functions to move goods or services from production to consumption. Marketing agencies carry out the transportation of goods from producers to consumers by linking ownership. Therefore, without a marketing agency, the goods that have been produced by producers (farmers) will not be distributed to consumers, and there will also be no marketing channel process. This is in line with Nurhayati et al. (2021). They said that the agricultural system includes many institutions, both those that prioritize profit or not those that are directly or indirectly involved with the agricultural marketing system.

Based on the research results of respondents from marketing institutions in Moramo District, namely collectors, a total of six people, small traders are totalling three people and wholesalers one person. The overall marketing agency is ten people. The collector respondents ranged from 15 to 59, with education, namely elementary school graduates totalling three people, junior high school amounting to 1 person and high school totalling two people with 5 - 10 years of trading experience. For small traders, the respondents' age ranges from 15-59 years of education, namely two elementary school and one junior high school, 5 - 10 years trading experience, one person and over ten years two people. The respondents are 52 years old for wholesalers with high school education and six years of trading experience.

Marketing Channel

Marketing channels involve marketing agencies involved in distributing pepper from producers to consumers. There are 59.1% of the total respondent farmers selling pepper to collectors in marketing channels I. Farmers choose to sell pepper to collectors even though the price is relatively lower because farmers do not have to bother contacting collectors. Where the collectors go directly to the farmer's house, which is known to have pepper. Then the collectors resell the pepper to wholesalers. The last stage in distributing pepper is that wholesalers sell pepper to final consumers (industries) in Makassar. Still, wholesalers carry out pepper packaging before selling the pepper, according to the size agreed with the final consumer. In line with the research conducted by Desiana et al. (2017), farmers sell their products by bringing them directly to collectors without incurring transportation costs because they do not use vehicles. Then from the collectors, the distribution must

go through wholesalers and then to industrial consumers. This is different from Istiyanti's (2010) research, where farmers sell their products directly to retailers and consumers. There are two marketing channels for pepper in Moramo District, namely:

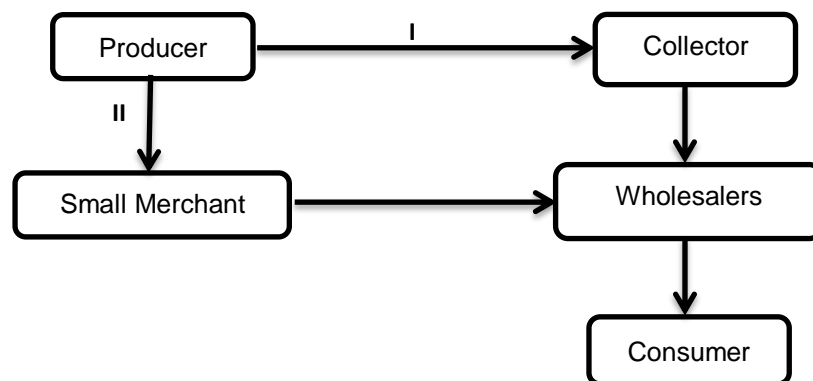


Figure 1. Pepper marketing channel in Moramo District, South Konawe Regency

In marketing channel II, 40.9% of the total farmer respondents sell their pepper to small traders by contacting small traders who have become customers to pick up the pepper. In this channel, farmers prefer to sell pepper to small traders because the price is higher. After the pepper is in the hands of small traders, the pepper will be sold to wholesalers in Moramo District. The final stage of distributing pepper is to consumers, but before reselling the pepper. Unlike the case with Ridwana et al. (2017), farmers sell their products to collectors, wholesalers, retailers, and consumers. Based on Krisnadi et al. (2017) have only one marketing channel.

Marketing Costs, Profits and Margins

Table 2. Cost, profit and marketing margin of pepper in marketing channel i and marketing channel II, 2021

No	Description	Marketing Channel I (IDR/kg)	Marketing Channel II (IDR/kg)
1	Farmer		
	Price at Farm Level	50.500	51.500
2	Collector		
	a. Purchase price	50.500	
	b. Marketing Fee		
	1. Labor	37.23	
	2. Sacks	8.30	
	3. Yarn	0.58	
	4. Transportation	28.37	
	c. Total Marketing Cost	74.48	
	d. Selling Price	51.500	
	e. Marketing Margin	1.000	
	f. Profit	925.52	
3	Small Merchant		
	a. Purchase Price		51.500
	b. Marketing Fee		
	1. Labor		87.72
	2. Sacks		16.70
	3. Yarn		1.17
	4. Transportation		57.02
	c. Total Marketing Cost		162.61
	d. Selling Price		53,000
	e. Marketing Margin		1.500
	f. Profit		1.337.39
4	Wholesalers		
	a. Purchase Price	51.500	53.000
	b. Marketing Fee		
	1. Labor	82.35	82.35
	2. Sacks	50	50

Table 2. Cost, profit and marketing margin of pepper in marketing channel I and marketing channel II, 2021

No	Description	Marketing Channel I (IDR/kg)	Marketing Channel II (IDR/kg)
3.	Yarn	3.50	3.50
4.	Transportation	70.59	70.59
c.	Total Marketing Cost	206.44	206.44
d.	Selling Price	55.000	55.000
e.	Marketing Margin	3.500	2.000
f.	Profit	3.293.56	1.793.56

Source: Primary data processing results, 2022

To find out the number of marketing costs, profits and margins of each marketing agency involved in marketing channels I and II can be seen in Table 2. Price differences between marketing institutions can be caused by the costs of the marketing functions carried out and the profits taken as remuneration for the marketing functions performed. In the marketing channel I, the purchase price of pepper paid by the collectors IDR50.500/kg is obtained from the farmers directly. The collectors incur marketing costs of IDR74.48/kg. The marketing margin at the collector level is IDR1.000/kg, and the profit is IDR925.525/kg. At the wholesaler level, the price of pepper from collectors is IDR51,500/kg with a total marketing cost of IDR206.44/kg, a marketing margin of IDR3.500/kg and a profit of IDR3.293.56/kg, then resold to consumers at a price IDR55.000/kg. In marketing channel II, the purchase price of pepper paid by small traders is IDR51.500/kg higher than the purchase price of pepper at the collector level. Small traders only buy pepper from farmers who first contacted them, so small traders set a higher price. The total marketing cost at the small trader is IDR162.61/kg. The marketing margin is IDR1.500/kg with IDR1.337.39/kg profit. At the wholesaler level, the price of pepper to small traders is IDR53.000/kg with a total marketing cost of IDR206.44/kg, a marketing margin of IDR2.000/kg lower than the marketing margin in marketing channel I and a profit of IDR1.793.56 /kg. They are sold to consumers at IDR55.000/kg. In contrast to the research conducted, which calculates the marketing margin at the farmer level, we do not calculate the margin at the farmer level because they only want to know the margin at the marketing agency level.

Marketing Efficiency

Table 3. The percentage of price shares received by producers (farmer's share)

No	Marketing channel	Marketing Efficiency	
		Percentage (%)	Criteria
1	Marketing Channel I	92	Efficient
2	Marketing Channel II	94	Efficient

Source: Primary data processing results, 2022

Table 3 shows that the pepper marketing channel in Moramo District is in the efficient criteria, where marketing channel I have a percentage of 92% and marketing channel II has a rate of 94%. Based on the velocity obtained from the farmer's point of view, marketing channel II is more efficient because the farmer's share of the price is higher than marketing channel I.

The results of this study indicate that the two pepper marketing channels in Moramo District are efficient. This is in line with Ulyasniati (2016), which says that marketing channel I and marketing channel II are both efficient. Furthermore, Arifuddin et al. (2020) stated that the marketing channels in Marga Mulya Village were efficient. This is based on the small margin taken by marketing agencies involved in the marketing process and the share of the price received by farmers (Farmer's Share) reaching more than 80%. This is different from the research conducted. In this study, there were nine marketing channels. There were only four efficient marketing channels because farmers' percentage share of the price exceeded 50%. Further research was conducted by Ali (2018) in which there are 12 marketing channels, of which there are only three efficient marketing channels. A study conducted by Delita et al. (2015) results in inefficient marketing channels because there are unequal margins and profits in each marketing agency.

CONCLUSION

Based on the results of research and data analysis regarding channel analysis and pepper marketing efficiency in Moramo District, Konawe Selatan Regency, it can be concluded that there are two patterns of pepper marketing channels, namely; farmers, collectors, wholesalers, consumers and

farmers, small traders, wholesalers, consumers. The highest marketing margin is marketing channel I at the wholesaler level, which is IDR3.500/kg. Analyzing marketing efficiency shows that the two marketing channels meet the efficient criteria because the percentage share of the price received by producer farmers exceeds 50%.

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