



Analysis of the Pattern Marketing Channels and Marketing Margins Broiler in Tanggetada Village District Tanggetada Kolaka Regency

AUTHORS INFO

Bustang

Universitas Sembilanbelas November Kolaka
antibustang@gmail.com
+6281341975401

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Abstract

This study aims to determine the pattern of the marketing channel of Broiler and to find out how much the marketing margin and profit from the broiler marketing channel in Tanggetada Village, Tanggetada District, Kolaka Regency. This research was conducted in June 2019. The sample of this study was all the population. It is mean that many as two people who worked as breeders and retailers. This research uses quantitative and qualitative methods. The data analysis technique is descriptive and mathematical analysis. The results showed that only one pattern of broiler marketing channels: producers-retailers-consumers. The marketing margin of Broiler is IDR. 15,000/head, while the marketing profit of broiler IDR 11,380/head.

Keywords: Broiler, marketing, margin, profit

A. Introduction

The increase in economic development is influenced by the growth of the industrial sector, the agricultural industry, and advanced technology (Hilda & Maina, 2020). The industrial sector and the farm sector are related because most of the raw materials in the industrial process are obtained from the agriculture and livestock sectors, so it has an essential role in the economy in Indonesia. The poultry farm business in Indonesia is growing; this is reflected in the position as a reliable business. It contributes to increasing income, employment, meeting the nutritional needs of the community, and supporting the industrial sector (Suwarta & Hanafi, 2018). One of the most popular livestock commodities in the world of livestock business is broilers. Broiler farming has a bright prospect because the community's interest in consuming the Broiler is quite high (Setyono & Ulfah, 2012). advantages owned by Broiler, among others, a

relatively short production period of approximately 32-35 days, relatively low prices, increasing demand, and various other advantages compared to other poultry (Rasyid & Sirajuddin, 2010).

The amount of broiler production continues to increase along with the increasing amount of consumption of broiler meat. Broiler livestock business development will be successful if the breeder can manage the business well. Broiler business management must be supported by excellent management skills, ranging from production management, finance, human resources, to marketing management. Farmers, as business decision-makers, must have excellent competence in managing all business functions. It will affect the success of the business. According to Soekartawi (2005), to obtain a good sale value, the marketing mechanism must work well with the aim that all other parties involved benefit. For consumers, the high price level is a burden; for traders, the producers of the profits can be received low or reduced because of the low level of prices received. Merchant income is strongly influenced by the marketing of their products and the prevailing rates, where inefficient marketing is the small portion that traders receive from the prices paid by end consumers.

Broiler marketing is an activity that involves parties who play an essential role in distributing Broiler from producers to end consumers. One of the institutions that play a direct role to the end consumer is the broiler traders. Traders use the market as a medium to market broiler meat. In general, the institutions that play a role in broiler marketing consist of several institutions whose functions range from upstream to downstream, namely: producers, go-betweens, wholesalers, retailers, and consumers. The involvement of each institution in marketing broiler is the impact of the desire of consumers to obtain commodities following the time, place, and shape. It illustrates that each institution has limitations so that the role of other institutions is needed. (Hutasoit, 2016). Marketing has an essential function in connecting producers with consumers and providing significant added value in the economy. There are nine types of marketing functions, namely: planning, purchasing, selling, transportation, storage, standardization and grouping, financing, communication, and risk-bearing. The trading system is as important as production activities because, without the trading system's help, traders will suffer losses because their products cannot be sold. Food distribution systems from producers to consumers can consist of several marketing chains where each market participant provides different services. The profitability of each actor depends on the market structure at each level, bargaining position, and business efficiency of each actor. It is a benchmark for the profits obtained by traders, including broiler traders.

Generally, broiler traders in Tanggetada village do not yet know the form of existing broiler marketing channels, and traders assume that each broiler marketing institution receives a large number of margins and profits. It depends on the sales volume, selling price, and the number of marketing institutions involved in channeling Broiler. It is necessary to study the aspects of marketing of broiler commodities important things about broiler marketing are the form of marketing channels, the value of marketing margins, profits, and marketing efficiency.

Ulupi et al. (2018) state that Broiler is a term used to refer to chicken cultivated with technology with economic characteristics with the characteristic of slaughtering at a relatively young age. In general, Broiler is ready to be cut at the age of 35-45 days. Broilers can produce relatively much meat in a short time. Broilers have advantages and disadvantages. The meat's benefits are soft, large body size, full chest shape, stable and filled, the efficiency of feed is quite high, most of the feed is converted into the meat, and weight gain is speedy. While the weakness is that it requires intensive and careful maintenance, is relatively more sensitive to disease infection, and challenging to adapt.

Rasyid & Sirajuddin (2010) state that the income of broiler breeders who partner with companies is higher than breeders who partner with individual companies (baskets) subsequently Rahmawati et al. (2014) there are three marketing channel patterns namely pattern 1: producer - core - a large trader - market traders - retail traders - consumers; pattern 2: producer - core - wholesaler - a market trader - consumer; and pattern 3: producers - core - wholesalers - consumers. The average marketing margin is pattern 1 (long) IDR 13,032 amounting to 35.52%, pattern 2 (medium) IDR 12,244 amounting to 33.40% and pattern 3 (short) IDR 11,408 amounting to 31.09%. Pattern marketing margins (1 and 2) and patterns (1 and 3) there are differences between each pattern. While patterns (2 and 3), there is no difference between each pattern. In general, marketing is considered as a process of flow of goods that occurs in the market. This marketing goods flow from producers to final consumers accompanied by addition to the form through the processing process, the use of place through the transportation process, and the use of time through the storage process. Marketing is the

process of commodity flow accompanied by the transfer of property rights and the creation of time, place, and shape forms carried out by marketing institutions by carrying out one or more marketing functions (Suwarta & Hanafi, 2018). In a marketing channel performance that is structure, behavior, and appearance or in English is often called SCP (Structure Conduct Performance). This theory assumes that market structure will influence the behavior or strategies of companies in the market, and in the end, the behavior will affect the appearance of the market (Alfarisi, 2009)

Marketing margin is defined as the difference in price or the price difference that consumers pay with the price received by producers, or it can also be expressed as the value of the services of carrying out marketing activities from the producer level to the point of the end consumer (Kotler & Armstrong, 2008). According to Masad et al. (2010), the short length of marketing channels will affect the magnitude of marketing margins. Marketing channels are interdependent organizations involved in making products or services available for use or consumption. They are pathways that are followed by-products or services after production, which culminate in buyers and use by end-users. Kotler & Armstrong (2008) stated that the marketing pattern takes place naturally. Usually, this pattern is mostly made by farmers who want to try to market their products themselves. Farmers can sell directly to consumers, wholesalers, or existing markets. One such pattern is: (1) Breeder/manufacturer - retailer-consumer trader; (2) Breeder/producer - collector trader - the consumer; and (3) Breeder/producer - collector trader - retailer trader - consumer.

B. Methodology

1. Research Procedure

The study was conducted in a survey based on the analytical description method describing the problem as it is and based on facts that had just taken place (ex post facto).

2. Respondents

The respondents in this study are two people who have livestock business as well as Broiler in Tanggetada Village, Tanggetada District, Kolaka Regency. The respondent in this study two people who work as farmers as well as broiler traders in the Tanggetada Village, Tanggetada District, which were used as respondents.

3. The Technique of Data Collection

The methods of collecting data are :

1. Observation, namely, research carried out by visiting the research site directly to obtain complete, effective, and efficient information so that the information obtained can be trusted. In the observation process, the authors made observations on broiler traders in Tanggetada Village, Tanggetada District.
2. The interview is one way to obtain data by asking a series of questions directly to people who know about the object being studied by broiler traders in Tanggetada Village, Tanggetada District so that the data obtained is accurate.

4. Parameters of Research

The primary parameters in this study are broiler breeders in Tanggetada Village, Tanggetada District. Supporting parameters are part of the marketing channel related to selling prices, buying prices, marketing costs, profits, and marketing margins.

5. Data Analysis

a) Descriptive Analysis

According to Ostlund et al. (2010), descriptive research aims to explain or describe a situation, event, object, whether people or everything related to variables that can be defined either by numbers or words. Descriptive analysis is intended to describe the state of the marketing channel qualitatively and the sale of real Broiler and describe the activities of broiler traders.

b) Mathematical Analysis

1. Marketing Margin.

$$\mathbf{Mm = Sp - Pp}$$

Note:

- Mm = Marketing margin,
Sp = Selling price of Broiler
Pp = The purchase price of Broiler.

2. Profits from marketing institutions.

$$\Pi = M - Cs$$

Note:

- Π = Advantages of marketing institutions,
M = Marketing margin,
Cs = cost of sales.

C. Results and discussion

1. Respondent Identity

The respondents consisted of two people who work as breeders as well as broiler traders in Tanggetada Village, Tanggetada District. Respondents' identities include age, level of education, the experience of raising livestock, and the number of family dependents. The respondents' age is 46 and 52, and age can affect the physical abilities and intelligence of farmers in managing their business. The level of education is high, namely junior high and high school; education is a process that can increase the knowledge of a broiler businessman and affect the ways of thinking. The businessman has seven or eight years of entrepreneurial experience. Business actors conducting acted his business activities can affect the skills of the businessperson in managing and developing his business. Family dependents of 3-4 people, total family dependents are all family members who live in one family and other members who are directly borne by the head of the family.

2. Channel Patterns and Marketing Margins

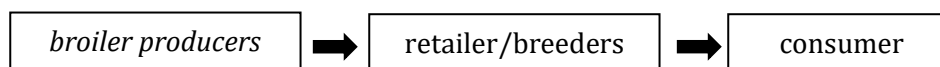


Figure 1. Broiler Chicken Marketing Channel in Tanggetada Village, Tanggetad District Kolaka Regency, 2019.

Figure 1. shows that the marketing channels formed in the marketing of Broiler in Tanggetada Village Tanggetada District, Kolaka Regency, there is only one channel, namely broiler producers and breeders, as well as retailers who market directly to end consumers.

Table 1. Margin and Advantages of Broiler Marketing in Tanggetada Village Tanggetada District Kolaka Regency, 2019

Description	Value (IDR)	Marketing margin (IDR/head)
Selling price to consumers (IDR / head)	65.000	
The purchase price at the producer level (IDR / head)	50.000	15.000
Equipment Costs	570	
Electricity cost	222,22	
Feed	2.527,78	
plastic bag	300	
Total marketing costs (IDR/head)	3.620	
Profit (IDR/head)	11,380	
Total Margin (IDR/head)		15.000

Source: Primary data were processed in 2019

The marketing margin for broiler marketing is IDR 15,000. The marketing margin value is obtained from the difference between the purchase price of Broiler by traders at the research location through the distributor and the selling price to the final consumer. Broiler traders in the

research location in marketing broiler no longer use intermediary services, but directly to end consumers.

Respondents aged 46 and 52. Age can underlie physical abilities in doing a job and underlying mindset in accepting and implementing new technology. A healthy and young-aged broiler business actor has more exceptional physical skills. He has a more creative and responsive mindset for technology to be more dynamic in managing their business. In contrast, those who have old age are generally more careful in responding to new technology changes and tend to maintain their habits. All respondents in the study area were in the productive age category. At the productive age, a business actor will have a large enough workability to develop and process his business in the future compared to business actors with an unproductive period—the level of education in junior high school and senior high school. An entrepreneur's ability and the decisions taken in managing his business are very dependent on the level of education. A low level of knowledge not only causes a person not to understand the information regarding technological updates, but more than that can make it difficult for entrepreneurs to accept what is recommended.

Conversely, someone with a high level of education has more knowledge and insight to think broader, accepting new technologies that are recommended more quickly. Respondents of broiler businesses in the research location have taken formal education. A business actor with an excellent educational background will have the ability to be more open to new technologies and innovations in broiler business activities. Besides, the level of education will also play an essential role in a person's ability to manage the marketing of their products. They have had the entrepreneurial experience for 7 and 8 years. Business actors conducting acted his business activities can affect the skills of the businessperson in managing and developing his business. Respondents in the study area have had sufficient experience in managing the broiler business. With enough experience, it can be said that respondents already understand how to manage their business well to produce maximum production. The higher the level of expertise of a business actor in leading his company, the smaller mistakes in management will be because farmers have learned from previous experience. Family dependents of 3-4 people, Total family dependents are all family members who live in one family and other members who are directly borne by the head of the family.

Table 1. shows that the marketing margin on the marketing of Broiler is IDR. 15,000/head. The marketing margin value is obtained from the difference between the Broiler's purchase price by traders at the research location through the distributor and the selling price to the final consumer. Broiler traders in the research location in marketing broiler no longer use intermediary services, but directly to end consumers. The marketing broiler method is done through consumers coming directly to the merchant location and then directly buying Broilers. The table above also shows the amount of profit received by broiler traders in Tanggetada village, Tanggetada District, Kolaka Regency, where the trader's advantage is IDR 11,380/head. It is in line with the statement of Reyes et al. (2018) that the cost of transportation is entirely borne by the producers so that the retailers no longer take the costs of shipping. The marketing profit is obtained from the reduction in the value of marketing margins and marketing costs incurred by the trader. Marketing costs incurred by traders are feed costs for one month or during the marketing process consisting of equipment depreciation, feed costs, and electricity costs for the cage, with a total price of IDR 3,620 per head for one month. The use of one month is based on the results of interviews that ordering broilers by traders is done once a month.

In the broiler marketing system that occurs at the research location, there is only one marketing channel formed, namely producer-breeder/retailer-consumer. The amount of profit received by traders in the marketing broiler at the research location occurs because traders at the research location are directly market broiler to end consumers without using the services of traders or marketing institutions as intermediaries. It is in line with the statement (Masad et al., 2010) that minimizing the role of intermediaries can increase profits. The marketing margin is the difference between the price paid by the final consumer and the amount received by the trader. Assuming that there are several marketing institutions involved in this marketing activity during the marketing process, it can be analyzed the distribution of marketing margins among the marketing institutions involved. Margin is a reward, or the price of work can also be defined as the difference between the purchase price and the selling price. When viewed as payment for services, the margin becomes an essential element in marketing strategies. The concept of margin as a payment to suppliers has a logical basis in the value-added theory. Marketing margins are often used as an indicator of marketing efficiency. The number of

marketing margins in various marketing channels can be different because it depends on the short length of marketing channels and the activities that have been carried out and the benefits expected by marketing institutions involved in marketing. It is consistent with the statement (Rahmawati et al., 2014) that the less marketing institutions are required, the higher the profits received by marketing agents. The benefit is something that is expected by everyone in carrying out every business activity. The trader's profit is obtained from the difference in price reduced by the costs incurred in channeling Broiler to the final consumer.

D. Conclusion

Marketing channels formed in the marketing of Broiler in Tanggetada Village Tanggetada District Kolaka Regency are only one marketing channel, namely producers-breeders/retailers-consumer. The marketing margin for broiler IDR 15,000 per head, while the marketing profit received IDR 11,380 per head.

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