

Path Data in Marketing: A Case Study of Broiler Chickens' Partnership System in Kediri Regency, Indonesia

Jalur Pemasaran: Studi Kasus Ternak Broiler Sistem Kemitraan di Kabupaten Kediri, Indonesia

Nanang Febrianto*, Budi Hartono, Anie Eka Kusumastuti, and Puji Akhiroh
Socio Economic Department, Faculty of Animal Science, Universitas Brawijaya, Indonesia, 65145

*Corresponding E-mail: nanangfeb@ub.ac.id

(Submitted: 26 June 2021; Accepted: 24 September 2022)

ABSTRACT

The study aimed to determine the distribution and marketing channels of the broiler chickens' partnership system in Kediri Regency, Indonesia. Data were collected from July to August 2020. The respondents used in this study were plasma farmers and marketing agencies involved in the marketing of broiler chickens. The analytical model used in this research is a descriptive analysis of marketing channels from producers to consumers and an analysis of marketing efficiency. The results showed that there were five marketing distribution channels. Distribution channel 1 consisted of plasma farmers, core companies, wholesalers, intermediate traders, retailers, and consumers. Distribution channel 2 consisted of plasma farmers, core companies, wholesalers, intermediate traders, and consumers. Distribution channel 3 consisted of plasma farmers, core companies, wholesalers, retailers, and consumers. Distribution channel 4 consisted of plasma farmers, core companies, wholesalers, and consumers. Distribution channel 5 consisted of plasma farmers, core companies, intermediate traders, retailers, and consumers. The marketing margins for distribution channels 1, 2, 3, 4 and 5 were IDR 2,250/kg, IDR 1,600/kg, IDR 1,200/kg, IDR 1,500/kg, and IDR 1,950/kg, respectively.

Keywords: broiler chickens, distribution channel, farmers' share, marketing margins, partnership system

ABSTRAK

Penelitian bertujuan untuk mengkaji jalur distribusi dan pemasaran broiler sistem kemitraan di Kabupaten Kediri, Indonesia. Pengambilan data dilakukan bulan Juli sampai Agustus 2020. Responden penelitian adalah peternak plasma dan instansi pemasaran yang terlibat dalam pemasaran broiler. Model analisis menggunakan analisis deskriptif saluran pemasaran dari produsen ke konsumen dan analisis efisiensi pemasaran. Hasil penelitian menunjukkan bahwa terdapat lima saluran distribusi pemasaran. Saluran distribusi 1 : peternak plasma, perusahaan inti, pedagang besar, pedagang perantara, pengecer, dan konsumen. Jalur distribusi 2: peternak plasma, perusahaan inti, pedagang besar, pedagang perantara, dan konsumen. Saluran distribusi 3 : peternak plasma, perusahaan inti, pedagang besar, pengecer, dan konsumen. Saluran distribusi 4 : peternak plasma, perusahaan inti, pedagang besar, dan konsumen. Saluran distribusi 5 : peternak plasma, perusahaan inti, pedagang perantara, pengecer, dan konsumen. Margin pemasaran untuk saluran distribusi 1, 2, 3, 4 dan 5 masing-masing adalah Rp 2.250/kg, Rp 1.600/kg, Rp 1.200/kg, Rp 1.500/kg, dan Rp 1.950/kg.

Kata kunci: ayam pedaging, saluran distribusi, margin pemasaran, kemitraan

INTRODUCTION

Broiler chicken farming is currently carried out and run using a partnership system. The partnership system is a cooperation model between a core company and plasma farmers. The partnership system is a way of organizing production to take advantage of large companies as capital owners. The partnership relationship assumes that both parties have the same interest and get the benefit formulated in a written contract. This system is not solely oriented towards profit but also to increase the farmer's prosperity and economic growth and as a strategy toward poverty alleviation. Through this system, the existence of the nucleus-plasma relationship is expected to be functional so that a mutual dependence relationship benefits both parties.

Marketing is one of the parameters for assessing the success or failure of a business. In a business, the goal of the production process is to sell products to generate a profit. This process requires another party called a marketing agency. The role of the institution is very influential on the marketing chain. Many farmers are interested in the promising prospects of increasing their income and fulfilling their livelihood needs. One of the supporting factors for the success of broiler chicken farming is a well-implemented marketing strategy. Marketing can be defined as an activity that encourages the marketed product to be accepted and preferred by the market. If the products have been well designed and accompanied by price-fixing, then the next step must be to distribute these goods to the consumers appropriately and quickly (Gitosudarmo, 2008).

Kediri Regency is one of the broiler chicken production centers in Jawa Timur Province, which smallholder farmers dominate. The problem that occurs at the smallholder farmers' level is the availability of capital. Many breeders run their livestock business by joining partnerships to take advantage of the large companies as capital owners. The marketing process in the

partnership system is carried out entirely by the company; that is, the company offers products to buyers at a specified price. Broiler chicken buyers consist of many traders, so there are several institutional channels before reaching the consumers. The success of a business can be determined by the ability to carry out product marketing. The knowledge of management and good marketing techniques is essential to get maximum profit. The use of information technology will be able to expand the product marketing range. The lack of proper marketing infrastructure is common (Mekonnen *et al.*, 2020). This is what underlies the importance of this research to determine broiler marketing so that it can be known about the institutions involved, the marketing channels, and the marketing margins from producers to consumers.

METHODS

This research was conducted with a case study method, namely a research method that explores a phenomenon at a certain time and activity using various procedures during a certain period (John, 1998). The research location was determined purposively considering that Kediri Regency is one of the broiler production centers in Jawa Timur Province, with a population of 11,280,929 broilers in 2018 (BPS Statistics of Jawa Timur Province, 2019). Data collection time was from September 2020 to October 2021. The sample in this study consisted of plasma farmers and core parties. The number of plasma farmers in the Kediri Regency was 533 (Directorate General of Livestock and Animal Health Services, 2018), with a broiler chickens population distributed between 2,000-12,000 birds. The core company is determined as many as five from 13 partnership companies in Kediri Regency (Directorate General of Livestock and Animal Health Services, 2018), considering having been in business for more than five years and establishing partnerships with plasma farmers. The snowball sampling technique was used to determine the

Table 1. The production cost of broiler chickens in Kediri Regency, Indonesian (per period)

Description	Cost/farm (IDR)	Cost/kg (IDR)	Percentage (%)
Fixed cost			
Housing depreciation	1,100,000	56.61	0.37
Equipment depreciation	425,000	21.87	0.14
Feed warehouse	500,000	25.73	0.17
Salary of staff	4,500,000	231.16	1.52
Total fixed cost	6,525,000	335.82	2.21
Variable cost			
DOC	57,000,000	2,933.61	19.29
Feed	221,250,000	11,387.03	74.87
Drugs and vaccine	9,100,000	468.35	3.08
Rice husk	1,000,000	51.47	0.34
Disinfectant	225,000	11.58	0.08
Electric	160,000	8.23	0.05
Water	250,000	12.87	0.08
Total variable cost	288,985,000	14,873.13	97.79
Total production cost	295,510,000	15,208.96	100.00

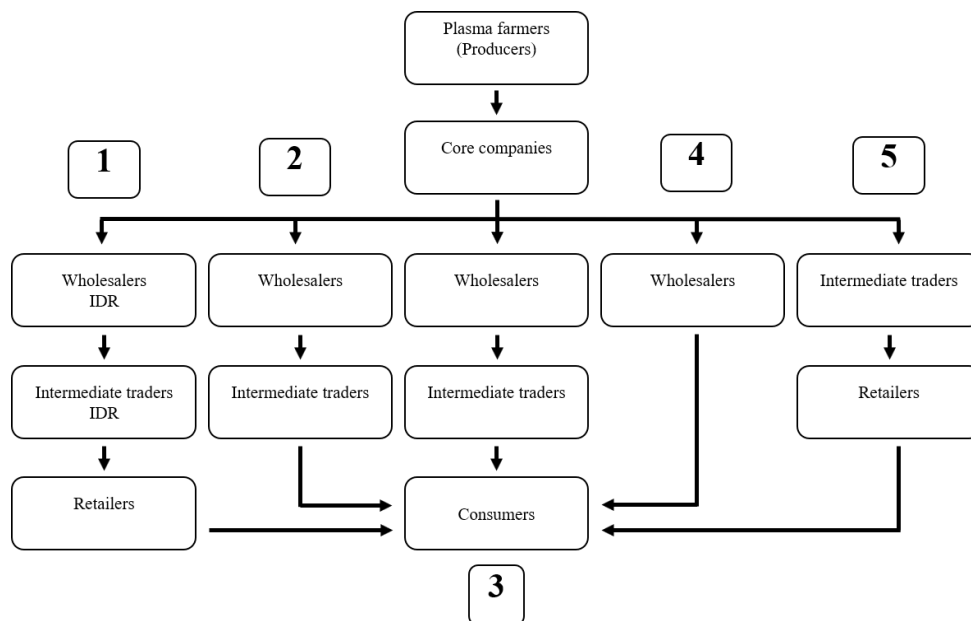


Figure 1. Marketing distribution channels of broiler chickens in Kediri Regency, Indonesia

marketing agencies and distribution channels involved in the broiler chickens' marketing system (Sugiyono, 2015). Data were collected using a questionnaire and then analyzed. The analytical model used in this research is a

descriptive analysis of marketing channels from producers to consumers and an analysis of marketing efficiency. Marketing margin was calculated with the following formula $MM = P_c - P_p$, where MM: marketing margin

Table 2. Performance of broiler chickens marketing in Kediri Regency, Indonesia

No	Distribution channels	Marketing Margin (IDR/kg)	Farmer's Share (%)
1	Plasma farmers - core company - wholesalers - intermediate traders - retailers - consumers	2,250	88
2	Plasma farmers - core company - wholesalers - intermediate traders - consumers	1,600	91
3	Plasma farmers - core company - wholesalers - retailers - consumers.	1,200	92
4	Plasma farmers - core company - wholesalers - consumers	1,500	93
5	Plasma farmers - core company - intermediate traders- retailers - consumers	1,950	89

(IDR/kg), P_c : price at the consumer level (IDR/kg), and P_p : price at the producer level (IDR/kg).

RESULTS AND DISCUSSION

Production Costs

The results showed that the total production costs of broiler chicken farming were IDR 295,510,000 per farm or IDR 15,208/kg (Table 1). Feed costs were the most significant proportion of variable costs (74.8%). This result was consistent with the previous finding, which stated that feed costs contribute to about 60 to 80 percent of total production costs (Maspique *et al.*, 2011). Another study also reported that variable costs in the form of feed costs were the essential ones, around 80% of the total production costs (Primaditya *et al.*, 2015).

Distribution Channel and Marketing Margin

A marketing channel is a series of interdependent organizations involved in making a product or service ready for use or consumption. A series of companies or people distributing products from producers to consumers is called a marketing agency. The number of marketing agencies involved in a marketing channel will determine the length of the marketing channel, efficiency, and marketing margins (Buchory *et al.*,

2010). Figure 1 shows that the marketing of broiler chickens in Kediri Regency has five distribution channels. Distribution channel 1 consisted of plasma farmers, core companies, wholesalers, intermediate traders, retailers, and consumers. Distribution channel 2 consisted of plasma farmers, core companies, wholesalers, intermediate traders, and consumers. Distribution channel 3 consisted of plasma farmers, core companies, wholesalers, retailers, and consumers. Distribution channel 4 consisted of plasma farmers, core companies, wholesalers, and consumers. Distribution channel 5 consisted of plasma farmers, core companies, intermediate traders, retailers, and consumers.

Marketing margin is often used as an indicator of marketing efficiency. The marketing margins for various distribution channels can differ, as shown in Table 2. Distribution channel 3 (plasma farmers - core companies - wholesalers - retailers - consumers) was the best because it had the smallest marketing margin (IDR 1,200). Distribution channel 4 has the highest efficiency value among the other channels because it produces the highest farmer's share (93%). This can happen because plasma farmers only go through 2 intermediary agents (core companies and wholesalers) before reaching the end consumers, so the marketing costs are not too high. In addition,

plasma farmers get lower prices for livestock production facilities from the core companies than others, resulting in lower production costs.

On the other hand, the worst channel was channel 1 (plasma farmers - core companies – wholesalers – intermediate traders - retailers - consumers) because this channel has the most significant margin (IDR 2,250-) as well as has the smallest farmer's Share (88%). The many channels involved in this channel resulted in higher marketing margins. This follows the previous reports that found that the longer the distance and the more intermediaries involved in marketing, the higher the marketing costs and the greater the marketing margins (Jumiati *et al.*, 2013; Duungan *et al.*, 2014).

The distance between the marketing channels and the activities that have been carried out will affect the profits the institution will obtain. The longer the marketing channels and activities in the distribution of broiler chickens from producers to end consumers, the greater the marketing margin. The marketing margin from each marketing channel is used as the costs incurred and the profits the marketing agency wants to get. The amount of margin costs depends on the total costs incurred by each trader and the amount of profit that each trader wants to get. The greater the costs and profits traders want to take, the greater the marketing margin (Pabblo, 2016).

CONCLUSION

According to the results of this study, it could be concluded that there are five marketing distribution channels for broiler chickens in the Kediri Regency, Indonesia. Distribution channel 1 consisted of plasma farmers, core companies, wholesalers, intermediate traders, retailers, and consumers. Distribution channel 2 consisted of plasma farmers, core companies, wholesalers, intermediate traders, and consumers. Distribution channel 3 consisted of plasma farmers, core companies,

wholesalers, retailers, and consumers. Distribution channel 4 consisted of plasma farmers, core companies, wholesalers, and consumers. Distribution channel 5 consisted of plasma farmers, core companies, intermediate traders, retailers, and consumers. Marketing margins on distribution channels 1, 2, 3, 4, and 5 are IDR 2,250/kg, IDR 1,600/kg, IDR 1,200/kg, IDR 1,500/kg, and IDR 1,950/kg, respectively.

REFERENCES

- BPS Jawa Timur. 2019. Jawa Timur Dalam Angka 2019. Jawa Timur. <https://jatim.bps.go.id/>.
- Buchory, H. A. dan Saladin, H. D. 2010. Ringkasan praktis, teori, aplikasi dan tanya jawab. In *Manajemen Pemasaran* (1st ed.). CV. Linda Karya.
- Creswell, J. W. 1998. Qualitative inquiry and research design: Choosing among five traditions, in *Qualitative Health Research*, 9(5).
- Directorate General of Livestock and Animal Health Services. 2018. Livestock and animal health statistics 2017. Directorate General of Livestock and Animal Health Services.
- Duungan, I. N. A., Suparta, I. N., dan Putri, B. R. T. 2017. Analisis efisiensi pemasaran Sapi Bali di Kabupaten Bangli. *E-Journal Peternakan Tropika*, 2(3), 338–350.
- Gitosudarmo, I. 2008. *Manajemen Pemasaran* (2nd ed.). BPFE.
- Jumiati, E., Darwanto, D. H., Hartono, S., dan Masyhuri. 2013. Analisis saluran pemasaran dan margin pemasaran kelapa dalam di daerah perbatasan Kalimantan Timur. *Agrifor : Jurnal Ilmu Pertanian Dan Kehutanan*, 12(1), 1–10. <https://doi.org/10.31293/AF.V12I1.165>
- Maspique, P. and Sawe, R. E. 2011. Marketing Strategy Analysis of Broiler Eggs in Large scale Livestock Regency Sidrap.

Jurnal Agribisnis, 9(3), 14–31.

- Mekonnen, E., Jenberie, A., Mekuriaw, Y., and Ebiro, A. 2018. Honey marketing in ada berga district west shoa zone, oromia regional state, Ethiopia. *Journal of Marketing and Consumer Research*, 48, 40–43.
- Pabbo, B. 2016. Analisis margin pemasaran sapi bali pada kelompok tani ramah lingkungan di Desa Galung Kecamatan Barru Kabupaten Barru. *Jurnal Galung Tropika*, 5(2), 130–142. <https://doi.org/10.31850/JGT.V5I2.170>
- Pimaditya, F. M., Hidanah, S., dan Soeharsono. 2015. Analisis pendapatan dan produktivitas ayam petelur sistem “closed house” dengan penggunaan mesin pakan otomatis dan manual di kuwik farm, Kecamatan Badas, Pare. *Agroveteriner*, 3(2), 99–106.
- Sugiyono. 2015. Metode penelitian pendidikan. Alfabeta. Bandung.